



Unipol Gruppo Finanziario  
**Report on corporate governance  
and share ownership  
for the 2014 financial year**

**Unipol**  
GRUPPO



**UNIPOL GRUPPO FINANZIARIO S.p.A.**

**ANNUAL REPORT ON CORPORATE GOVERNANCE  
AND SHARE OWNERSHIP  
FOR THE 2014 FINANCIAL YEAR**

Bologna, 19 March 2015

*This Report can be found in the Corporate Governance section of the Company's website [www.unipol.it](http://www.unipol.it)*

## CONTENTS

<b>DEFINITIONS .....</b>	<b>4</b>
<b>INTRODUCTION.....</b>	<b>6</b>
<b>THE ISSUER AND THE UNIPOL GROUP .....</b>	<b>7</b>
<b>SECTION I .....</b>	<b>10</b>
<b>INFORMATION ON OWNERSHIP STRUCTURES .....</b>	<b>10</b>
<b>1. SHARE CAPITAL STRUCTURE.....</b>	<b>10</b>
1.1 Composition .....	10
1.2 Rights of classes of shares .....	11
1.3 Powers to increase share capital and authorisations to purchase treasury shares.....	12
1.3.1 Powers to increase share capital .....	12
1.3.2 Authorisations to purchase treasury shares.....	12
1.4 Share transfer restrictions, limits on possession and approval clauses .....	13
<b>2. SHAREHOLDER BASE .....</b>	<b>13</b>
2.1 Major holdings in the share capital .....	13
2.2 Special control rights.....	15
2.3 Mechanism for the exercise of voting rights in the system of employee shareholding .....	15
2.4 Restrictions on voting rights .....	15
2.5 Agreements between Shareholders .....	15
2.6 Change of control clauses .....	15
2.7 Controlling entity and co-ordination and direction activities.....	15
<b>3. OTHER INFORMATION.....</b>	<b>16</b>
3.1 Compensation of Directors .....	16
3.2 Rules applicable to the functioning of the Meeting.....	16
3.3 Rules applicable to the composition, appointment and functioning of the governing body .....	16
3.4 Rules applicable to statutory changes .....	16
3.5 Main features of the internal control and risk management system in relation to financial reporting .....	16
<b>4. COMPLIANCE .....</b>	<b>17</b>
<b>SECTION II .....</b>	<b>18</b>
<b>GOVERNANCE SYSTEM AND INFORMATION ON THE IMPLEMENTATION OF THE CORPORATE GOVERNANCE CODE .....</b>	<b>18</b>
<b>1. THE BOARD OF DIRECTORS.....</b>	<b>18</b>
1.1 Role, responsibilities and functioning .....	18
1.2 Composition .....	22
1.3 Appointment and replacement of Directors.....	25
1.4 Non-executive and independent Directors .....	26
1.5 Lead Independent Director .....	27
1.6 Remuneration .....	27
1.7 Annual evaluation .....	29
<b>2. THE CHAIRMAN.....</b>	<b>29</b>

<b>3.</b>	<b>THE DEPUTY CHAIRMAN.....</b>	<b>31</b>
<b>4.</b>	<b>CHIEF EXECUTIVE OFFICER/GENERAL MANAGER.....</b>	<b>32</b>
<b>5.</b>	<b>THE COMMITTEES.....</b>	<b>34</b>
5.1	Chairman's Committee .....	34
5.2	Nomination and Corporate Governance Committee.....	35
5.3	Remuneration Committee .....	36
5.4	Control and Risk Committee.....	38
5.5	Sustainability Committee/ Ethics Committee .....	41
5.6	Related Party Transactions Committee .....	43
<b>6.</b>	<b>INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM.....</b>	<b>44</b>
6.1	Breakdown of control levels .....	48
6.2	Role of the corporate bodies, the company control functions (Audit, Risk Management and Compliance) and the main bodies and parties involved in the internal control and risk management system .....	49
6.3	Main features of the risk management and internal control systems existing in relation to the financial reporting process, including at the consolidated level.....	55
6.4	The Organisational, Management and Control Model.....	59
6.5	Sustainability and ethical and social responsibility.....	60
<b>7.</b>	<b>RELATED-PARTY TRANSACTIONS AND INTERESTS OF DIRECTORS.....</b>	<b>61</b>
<b>8.</b>	<b>INTERNAL DEALING .....</b>	<b>63</b>
<b>9.</b>	<b>PROCESSING OF PRIVILEGED INFORMATION.....</b>	<b>64</b>
<b>10.</b>	<b>THE BOARD OF STATUTORY AUDITORS .....</b>	<b>65</b>
10.1	Role and Liabilities .....	66
10.2	Appointment.....	66
10.3	Composition and functioning .....	67
<b>11.</b>	<b>THE SHAREHOLDERS MEETING .....</b>	<b>69</b>
11.1	Ordinary and extraordinary Shareholders Meeting .....	69
11.2	Special Meeting of Preference Shareholders .....	70
<b>12.</b>	<b>RELATIONS WITH SHAREHOLDERS .....</b>	<b>70</b>
	<b>ATTACHMENTS TO THE REPORT.....</b>	<b>71</b>
	TABLE No. 1 – Board of Directors .....	71
	TABLE No. 2 – List of relevant offices held by the Directors .....	74
	TABLE No. 3 –Board Committees .....	78
	TABLE No. 4 – Supervisory Board.....	82
	TABLE No. 5 – Board of Statutory Auditors .....	83

## DEFINITIONS

For the purposes of the provisions in this Report and in addition to the definitions provided in the text below, the expressions and / or the words recorded with initial capital letters have the following meaning:

**Appointed Director:** Director appointed by the Board of Directors to oversee the functioning of the system of internal control and risk management.

**Bank of Italy:** Central Bank of the Italian Republic.

**Code of Conduct:** the Code of Conduct for listed companies approved in March 2006 by the Committee for Corporate Governance and promoted by Borsa Italiana S.p.A., as amended, available on the website of the latter [www.borsaitaliana.it](http://www.borsaitaliana.it).

**Code of Corporate Governance, Code:** the Code of Corporate Governance Group, adopted by the Board of Directors of Unipol on 10 May 2007 and subsequent amendments, available in the Corporate Governance section of the Company's website [www.unipol.it](http://www.unipol.it).

**Board of Statutory Auditors:** the controlling body of the Company, appointed by the shareholders of UGF at the meeting of 30 April 2013.

**Board of Directors, the Board:** the Board of Directors of the Company.

**Financial Reporting Officer:** Manager charged with preparing company's financial reports, pursuant to Art. 154-bis of the TUF (as defined below).

**Financial Year, Year:** the financial year ended 31 December 2014.

**Group, Unipol Group:** UGF and subsidiary companies (as defined below).

**Insurance Group:** the Unipol Insurance Group registered to the insurance groups register to the number 046.

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

**Directives:** define the system of internal controls and risk management, adopted by the Board of Directors of UGF in December 2008 and reviewed annually.

**Internal Dealing Procedure:** The procedure adopted by the Company for the reporting of transactions involving 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, Extraordinary and, as applicable, Specials.

**Market Regulations:** Regulation of Markets organized and managed by Borsa Italiana S.p.A..

**Issuer Regulation:** Regulation issued by CONSOB with resolution no. 11971 of 1999 on issuers, as

amended.

**Market Regulation:** Regulation issued by CONSOB acting n. 16191 of 2007 on markets, as amended.

**Report:** this report, containing information about joining the Code of Conduct and corporate governance and ownership structures that issuers of listed shares are required to draw up under Art. 123-*bis* of the TUF (as defined below) and 89-*bis* of the Issuers' Regulations.

**Parent Company, Finsoe:** Finsoe S.p.A. Financial Social Economy.

**Subsidiaries, Operating Companies:** the companies controlled, directly or indirectly, by UGF, pursuant to Art. 2359 of the Italian Civil Code.

**Controlling Company, Parent Company, UGF:** Unipol Gruppo Finanziario S.p.A.

**Solvency II:** the set of laws and regulations introduced following the adoption of Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of insurance and reinsurance that will in operation since 1 January 2016.

**TUB:** Legislative Decree n. 385 of 1 September 1993 (Consolidated Law on Banking).

**TUF:** Legislative Decree n. 58 of 24 February 1998 (Consolidated Law on Finance), as amended.

## INTRODUCTION

Unipol Gruppo Finanziario S.p.A., in adopting, since March 2001, the recommendations contained in the Code of Conduct, publishes annually the report containing information on corporate governance and the ownership structure, in accordance with Art. 123-*bis* of the TUF and the additional information recommended by the Code.

The Report consists of three parts:

- the Introduction, which contains some summary data on the profile of the Company and of the Unipol Group;
- Section I, which provides the main information required by the above Art. 123-*bis* of the TUF;
- Section II, which contains information on the governance structure and on the principles, rules and procedures adopted according to the Code of Conduct and adjusted to the development of the reference legislation, as well as any additional information required by Art. 123-*bis* of the TUF and not given in Section I.

The information contained in the Report, unless otherwise indicated, relates to the balance sheet date of the financial year 2014.

## THE ISSUER AND THE UNIPOL GROUP

### Profile of the Company and the Group

UGF is a company with shares listed on the Computerized Stock Market managed by Borsa Italiana S.p.A.

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

In this respect, the following pertinent facts are now set out:

1. during the financial year 2012 the perimeter of the Unipol Group underwent a profound transformation as a result of the acquisition of the Premafin - Fondiaria SAI Group by UGF. As from 6 January 2014, the merger of Unipol Assicurazioni S.p.A., Milano Assicurazioni S.p.A and Premafin HP S.p.A. into FONDIARIA-SAI S.p.A. has also entered into effect, when the acquiring company FONDIARIA-SAI also assumed the new name of UnipolSai S.p.A.;
2. as a result of the acquisition, furthermore, there were initially two coexisting banking groups within the Unipol Group: (i) the Banking Group Unipol Banca, with as its parent company Unipol Banca S.p.A., and (ii) the Banking Group Banca SAI, with as its parent company Banca SAI S.p.A.

Following the entry into force, on 16 April 2014, of Legislative Decree No. 53 of 4 March 2014, transposing Directive 89/2011/EU (the so-called Ficod1 Directive), Finsoe - which, as the parent company of UGF, has come to be identified as the parent company of a banking group comprising all the banking, financial and instrumental companies controlled, directly or indirectly, by that group - submitted to the Bank of Italy the application for the entry of Unipol Banking Group in the register of banking groups referred to in Art. 64 of the Consolidated Banking Legislation (TUB), stating however that the conditions laid down by the existing provisions of Circular No. 285 of 17 December 2013, 2nd update of 21 May 2014 ("Circular 285"), for exemption from the role of parent company were deemed to be met and indicating UGF to perform that role. The Bank of Italy received the Finsoe application and on 1 August 2014 indicated that it had deleted Unipol Banca and Banca SAI from the register of banking groups and entered the Unipol Banking Group, whose parent company is UGF, in it.

The Unipol Group operates in the following fields:

- 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) real estate;



- d) holding and other activities, in which it performs, on a secondary basis, management activities in the hotel, agricultural and medical and clinical sectors.

During the reference period of this Report we have continued the task of revision of the organizational Group structures, in the interest of achieving greater efficiency and effectiveness while respecting the prerogatives of the different companies and their specificity in terms of placement of business. In this context, we have instigated the streamlining of organizational structures and operational processes, within both the parent company UGF and the main subsidiary UnipolSai, focusing competences and operational activities in the latter company which, following the Merger, is the core operating unit the insurance sector.

In parallel, during the Financial year:

- we have continued the task of gradual adaptation and harmonisation of the existing policies in the Unipol Group and in the former Fondiaria-SAI Group as well as the Models of Organization, Management and Control, adopted under Legislative Decree No. 231 of 8 June 2001;
- we have adopted the policies prescribed by Regulation No. 20/ISVAP 2008, as subsequently updated and amended, regarding the internal control and risk management system, taking into account the amendments and additions made to this regulation during the Year;
- we have completed the tasks of harmonizing the procedures for conducting transactions with related parties as well as for the treatment of privileged information;
- activities have been launched aimed at allowing UGF to fulfil its legal and regulatory obligations connected to its new role as parent company of the Unipol Banking Group.

According to the Supervisory Regulations for banks on corporate governance issued by the Bank of Italy with Circular No. 285, UGF, as a listed issuer, is placed in the category of major banks with operational complexity.

### **The system of governance**

The Unipol Group is characterised by an internal organisational and functional model which gives the Company the role of reference and coordination, intrinsic to its role as a holding company, which is intended to achieve, among other things, effective strategic monitoring of the evolution of the various areas of activity in which the Group operates and the related risks.

The governance structure of UGF is divided according to the traditional system of administration and control, with the main organs being: the Board of Directors (operating with the support of Board Committees with the role of submitting advice and proposals), the Board of Statutory Auditors and the Shareholders Meeting. The statutory audit is allocated to an independent statutory auditors in accordance with the current legal provisions on the matter. The role and powers of the above organs are discussed in Section II.

The functions of the corporate bodies responsible for the governance of UGF are described in the Corporate Governance Code as well as in the policies and guidelines approved by the Board of Directors.

### **The Group's Corporate Governance Code**

The Corporate Governance Code (available in the Corporate Governance section of the website [www.unipol.it](http://www.unipol.it)), approved by the Board of Directors of UGF in May 2007, and amended, most recently, on 27 September 2012, describes the composition and functions of the management organs responsible for the governance of the holding and Operational Companies before acquisition of control of the Premafin-Fondiaria SAI Group and integrates the framework of applicable rules, whether (i) required by law, regulations or the By-Laws, or by contractual agreements of the shareholder agreement type (the latter being limited to the Operational Companies operating in the area of bank-insurance), (ii) contained in the Code of Conduct or self-regulation instruments, such as the Code of Ethics of the group.

The review and adaptation of the existing Corporate Governance Code in the Unipol Group (old perimeter), launched in 2013, will be settled on the outcome (i) of the process of harmonisation and adaptation to ISVAP Regulation No. 20/2008 and (ii) of the gap analysis and assessment related to the configuration of UGF as the parent company of the Unipol Banking Group.

In the context of governance and the system of internal control and risk management of the group, certain corporate committees have been established by the Board of Directors or the Managing Director/Chief Executive Officer, mainly composed of the Heads of the Local Departments, with support functions to the Chief Executive Officer himself in the implementation and supervision of the policies of reference, coordination and operational strategy defined by the Board of Directors and Senior Management.

### **Unipol and social responsibility**

The Company has sought to make corporate social responsibility a deeply integrated strategy in all choices, based on the definition of the identity, governance and management of the entire business, from business to personnel issues and from relations with suppliers to those with the community; all this in a path that leads progressively, and on the basis of continuous improvement, to the development of a coherent policy of sustainability, understood as the ability to combine efficient economic management with attention to persons in a spirit of social responsibility and environmental protection.

In this context, during 2014 we have welcomed the more positive results than expected in the Sustainability Plan for 2013-2015, approved by the Board of Directors during 2013, simultaneously and in close connection with the Industrial Plan for the same period. The development objectives contained in it and pursued consistently have, on the one hand, led to the exploitation of the wealth of experience accumulated over the years and, on the other hand, have produced significant innovations, policies and actions involving the entire group and all of its stakeholders, both internal and external. The Sustainability Plan has made it possible to achieve the focusing of the social commitment objectives of the Group in all its areas of intervention and activity. However, already during 2014 activities and projects have been developed with the aim of extending methodologies and interventions already present and used in the Unipol group to include UnipolSai as well. The development of the sustainability strategy of UGF contributes significantly the collection of projects and activities carried out by the Unipolis Foundation, the corporate foundation of the Unipol group.

**SECTION I**  
**INFORMATION ON OWNERSHIP STRUCTURES**  
*(Section drafted under Art. 123-bis of the TUF)*

**1. SHARE CAPITAL STRUCTURE**

**1.1 Composition**

UGF's share capital, fully subscribed and paid up, amounts to €3,365,292,408.03, divided into 717,473,508 registered shares all without nominal value, of which 443,993,991 are ordinary shares and 273,479,517 preference stock.

The composition of the share capital on 31 December 2014 is summarised in the following table:

Type and name of shares	No of Shares	% Compared to the c.s.	Market
UGF ordinary shares	443,993,991	61.88%	MTA
UGF preference shares	273,479,517	38.12%	MTA

The Extraordinary Meeting of the Company, which met on 25 February 2015, approved - including in compliance with the quorum required by the Special Meeting of Ordinary Shareholders - the mandatory conversion of preference shares into UGF ordinary shares (the "Conversion"), based on the following conversion ratio:

- 1 ordinary share, with regular dividends, for each preference share, without payment of any adjustment.

The Conversion - also approved by the Special Meeting of Preference Shareholders on 26 February 2015 - created a right of withdrawal for the holders of preference share who did not participated to the adoption of the resolutions, in accordance with and for the purposes of Art. 2437, paragraph 1, subparagraph g) of the Italian Civil Code, to be exercised within fifteen days from 2 April 2014, the date of the registration of the Shareholders' resolutions in the Register of Companies of Bologna.

The liquidation value of the preference shares which may be subject to withdrawal has been determined at €3.711 per preference share, in accordance with the provisions of Art. 2437-ter, paragraph 3, of the Italian Civil Code.

The Conversion becomes effective subject to the satisfaction of the conditions set out in the explanatory report for the Meeting, published by law and available on the Company's website [www.unipol.it](http://www.unipol.it) (section

Corporate Governance/Shareholders Meetings), but after the cutoff date of any dividend of UGF to be reported in the annual accounts as of 31 December 2014.

## 1.2 Rights of classes of shares

Preference shares, without the right to vote for the resolutions of the Ordinary General Meeting of Shareholders, have the asset rights stipulated by Art. 19 of the By-Laws.

We set out below the wording of Art. 19 of the By-Laws on the date of this Report, and therefore before the Conversion:

*"10% of the net profit shown on the Company's annual financial statements, up to one fifth of the Share Capital, is allocated to the legal reserve as a priority.*

*When the allocation referred to above has been made, the Shareholders' Meeting will allocate the rest of the net profits as follows:*

- a. one quota to the extraordinary reserve or to other special funds;*
- b. one quota to the dividend to be paid on preference shares up to the amount of €0.17 for each preference share.*

*The remainder of this quota is allocated to paying a dividend on the ordinary shares up to the amount of €0.15 for each ordinary share.*

*When the allocations referred to above have been made, the remaining part of the net profit, allocated to dividends, will be divided pro rata between the two categories of share.*

*For both categories of share the dividends may not be carried forward from one financial year to the next.*

*If the share capital is increased free of charge, the dividends to be paid on preference shares and on ordinary shares may be reduced provided that there is still a difference of €0.02 in favour of the preference shares, but in any case subject to a minimum of €2.58 for each preference share and €2.06 for each ordinary share.*

*The aforesaid being understood, should either stock consolidation or stock split occur (as well as in case of operations involving capital different from the above mentioned capital increase free of charge, where necessary in order not to change the Shareholders' rights i.r.o. the event in which shares had nominal value) the fixed amounts per share, as mentioned in the preceding paragraphs, will be modified accordingly.*

*The Shareholders' Meeting may also vote to make extraordinary allocations of net profits by issuing shares to be allocated individually to the Company's employees in accordance with Article 2349 of the Civil Code.[...]"*

The By-Laws, in the current wording, also stipulated that, in the event of an increase in share capital by increasing the number of shares, the increase itself must be performed by issuing shares of the existing classes and in the same proportion between those classes.

Any change of the By-Laws that involves a change of the proportion between the class of ordinary shares

and preference stock, or the respective asset or administrative rights, must be approved by a Special Meeting of the class or classes concerned, in accordance with the law. This is the approach which has been adopted with regard to the Conversion.

The Special Stockholders Meeting, held on 30 April 2014, appointed as the General Representative of the class Prof. Massimo Franzoni, for 2014, 2015 and 2016 (see in this regard para. 11.2 of the Report).

### **1.3 Powers to increase share capital and authorisations to purchase treasury shares**

#### **1.3.1 Powers to increase share capital**

On 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**

The Board of Directors has exercised during 2014 the authorisation granted by the Shareholders Meeting of 30 April 2014 to purchase and/or dispose of treasury shares, under Art. 2357 and 2357-*ter* of the Italian Civil Code and taking into account the level of the provision for the purchase of treasury shares, for the period of 18 (eighteen) months from the Shareholders' resolution.

In particular on 1 July 2014 the Chief Executive Officer and Executive personnel of the Company were jointly allocated 210,093 ordinary shares in the context of the compensation plans based on financial instruments, of the share performance type, approved for the years 2010-2012 by the Shareholders Meeting on 30 April 2012, under Art. 114-*bis* of the TUF.

In this context, it should be noted that, on the date of this Report, the Company holds a total of 9,874,831 ordinary shares, of which 6,529,907 directly and 3,344,924 indirectly, through its subsidiaries UnipolSai (3,175,902), Unisalute S.p.A. (53,122), Compagnia Assicuratrice Linear S.p.A. (14,743), Arca Vita S.p.A. (82,074) and Arca Assicurazioni S.p.A. (19,083).

Given that this authorisation will expire on 31 October 2015, the Board of Directors on 19 March 2015 voted to propose the renewal at the Shareholders Meeting called to approve the annual accounts for the year 2014, for the period of 18 months more.

In particular, the proposal to authorise the purchase and disposal of treasury shares has, in the interests of the Company and in accordance with applicable regulations and accepted market practices, the following objectives:

- to intervene, directly or through intermediaries, in order to promote the smooth conduct of trading, against distorting phenomena related to an excess of volatility or limited liquidity in the market;
- to take the opportunities to maximise the value that can be derived from the evil illusion of the market - and thus also by pursuing trading objectives - or connected with any strategic transactions for the Company;
- to use treasury shares as an investment object for the efficient use of the liquidity generated by the

core activity of the Company.

The proposal to authorise the purchase and disposition of the unlisted shares of Finsoe was made, on the other hand, in order to allow the Company to take opportunities with strategic objectives and to fulfil the contractual obligations assumed.

The proposal stipulates that the purchase and disposal of treasury shares and those of the parent company may be made for the quantities and with the implementing rules set out below:

- (i) the acquisition of treasury shares may be made, up to the maximum amount permitted by law and allowed by market practice, in the manner provided for by Art. 132 of the TUF and Art. 144-*bis*, paragraph 1, let. a), b) and (c) of the Issuer Regulations, as well as from any other provision, including the rules laid down in Directive 2003/6/EC and its implementing rules, both national and European, where applicable;
- (ii) the disposal of treasury shares may be made in the manner permitted by law, including by carrying out, one or more times, subsequent operations of purchase and sale, until the expiry of the term of the authorisation;
- (iii) the acquisition and disposal of shares in the parent company may be made up to the maximum amount and in the manner permitted by law;
- (iv) both the acquisition and the disposal of treasury shares may be made at a price of not more than 15% and not less than 15% relative to the reference price recorded by the share on the trading day prior to the date of each transaction, with a maximum spending limit - as regards acquisitions - of €100 million;
- (v) both for the acquisition and for the disposal of the shares of the parent company the maximum unit price will be determined at €1.20 and the minimum unit price at €0.60, with a maximum spending limit - as regards acquisitions - of €45 million.

#### **1.4 Share transfer restrictions, limits on possession and approval clauses**

Under the existing By-Laws of UGF, there are no restrictions on the transfer of shares and limits to the possession of them, or approval clauses.

## **2. SHAREHOLDER BASE**

The total number of Shareholders of UGF, as shown in the Register of Shareholders as of 1 March 2015, is approximately 116,000, comprising 66,000 ordinary and 50,000 preference Shareholders.

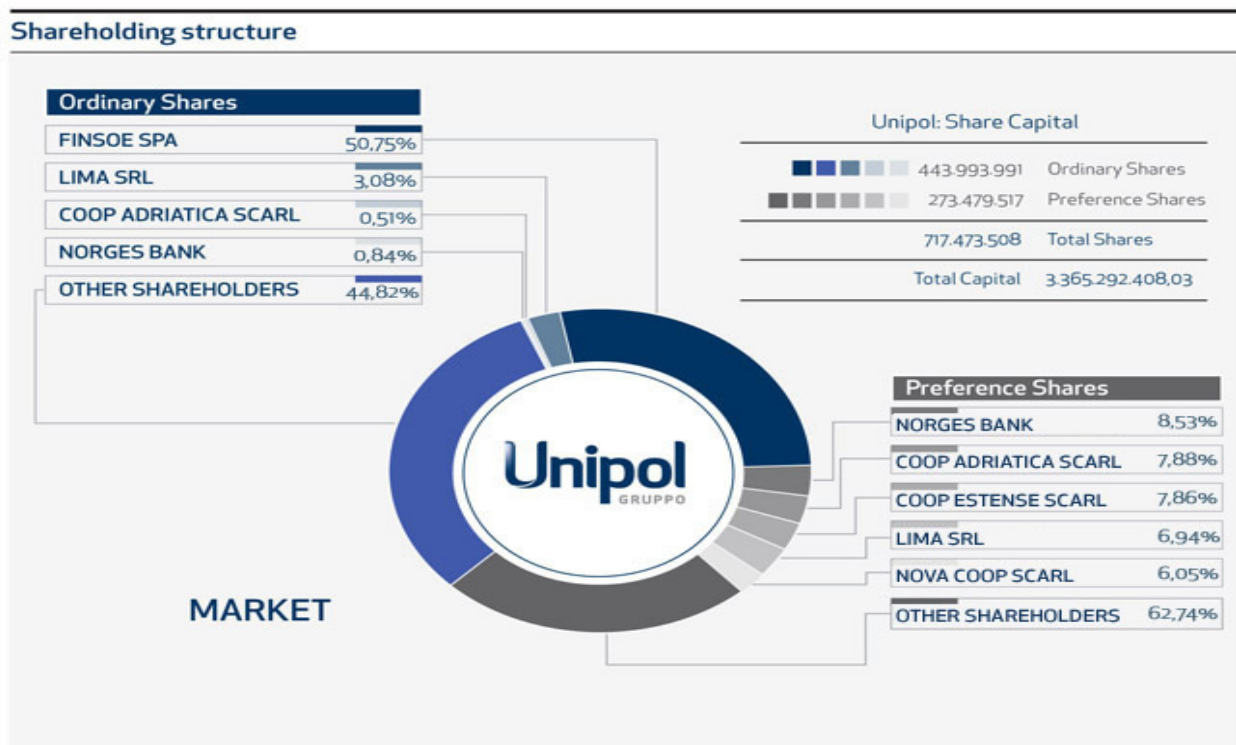
### **2.1 Major holdings in the share capital**

On the basis of the entries in the Register of Shareholders, communications received in accordance with the statutory requirements and other information available on the date of drafting this Report, the Shareholders who directly or indirectly, through an intermediary or trust companies, have holdings exceeding 2% of the

share capital with voting rights are represented in the following table:

Registrant	Direct Shareholder	% of the ordinary capital	% of the voting capital (ordinary shares and preference shares)
Finsoe S.p.A.	Finsoe S.p.A.	50.75%	31.40%
Lima Srl	Lima Srl	3.08%	4.55%
Coop Adriatica Scarl	Coop Adriatica Scarl	0.51%	3.32%
Coop Estense Scarl	Coop Estense Scarl	-	3.00%
Norges Bank	Norges Bank	0.84%	3.78%
Nova Coop Scarl	Nova Coop Scarl	-	2.31%

The allocation of the share capital is represented as follows:



## **2.2 Special control rights**

### **2.2 Special control rights**

Securities have not been issued that confer special control rights.

## **2.3 Mechanism for the exercise of voting rights in the system of employee shareholding**

The regulations of the allocation plan do not provide for mechanisms for the exercise of voting rights by persons other than employees who have been assigned shares.

## **2.4 Restrictions on voting rights**

There are no restrictions to the voting right.

## **2.5 Agreements between Shareholders**

The Company is not, on the date of approval of this Report, aware of any agreements between Shareholders under Art. 122 of the TUF.

## **2.6 Change of control clauses**

Unipol has not concluded, within the framework of its institutional activities, any agreements which include clauses which give the parties the right to change or terminate those agreements in the event of a change of control of the Company.

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

Other financing agreements concluded by certain Subsidiaries stipulate repayment and/or withdrawal of the lender in the event of direct ownership changes and in some cases indirect ones.

## **2.7 Controlling entity and co-ordination and direction activities**

The Company is controlled in accordance with Art. 2359, first paragraph, number 1) of the Italian Civil Code, by Finsoe, which currently holds a market share equal to 50.75% of the ordinary share capital.

Finsoe is also the mixed financial holding company at the head of the Unipol financial conglomerate, under Legislative Decree 142 of 30 May 2005.

Finsoe does not exercise direction and coordination over UGF, within the meaning of Arts. 2497 ff. of the Italian Civil Code, by reason of the exclusive configuration of the holdings that it has adopted with respect to UGF and its subsidiaries, as well as the organisational and functional structure which, in keeping with that role, has been allocated to it.



Under Art. 2497-*bis* of the Italian Civil Code, companies controlled by UGF have indicated the latter as exercising direction and coordination.

From 5 October 2011, UGF has been the parent company of the Unipol Insurance Group entered in the Register of Insurance Groups under no 046, as referred to in Art. 85 of Legislative Decree No. 209 of 7 September 2005 and ISVAP Regulation 15 of 20 February 2008.

With the communication received from the Bank of Italy on 1 August 2015, UGF became the parent company of Unipol Banking Group with its entry 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, mandate/appointment revocation or cessation of the mandate following a takeover bid. 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 [www.unipol.it](http://www.unipol.it).

#### **3.2 Rules applicable to the functioning of the Meeting**

The convening and functioning of Shareholders Meeting are governed by Arts. 8 and 9 of the By-Laws and the rules of the Shareholders' Meeting Regulation approved by the General Meeting itself. For a brief description of these rules reference is made to Chapter 11, section II, of this Report.

#### **3.3 Rules applicable to the composition, appointment and functioning of the governing body**

The composition, appointment and functioning of the Board of Directors are governed by Arts. 10, 11 and 12 of the By-Laws. For a brief description of these rules reference is made to Chapter 1, section II, of this Report.

#### **3.4 Rules applicable to statutory changes**

The changes to the By-Laws are adopted by the Extraordinary Meeting of Shareholders, subject to approval, where necessary, by the relevant Special Meeting of Shareholders of the classes of ordinary shares and preference stock, or by the Board of Directors, with restriction to the changes made for adjustment to regulations.

#### **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 relation to the financial reporting of UGF is given in Paragraph 6.3, Section II, of this Report.

#### **4. COMPLIANCE**

UGF adopts the Code of Conduct encouraged by Borsa Italiana S.p.A. (available on the website of the Committee for Corporate Governance at <http://www.borsaitaliana.it/comitato-corporate-governance/codice/2014cleaneng.en.pdf>).

The corporate governance structure of UGF is not affected by the provisions of Italian law.

## SECTION II

### GOVERNANCE SYSTEM AND INFORMATION ON THE IMPLEMENTATION OF THE CORPORATE GOVERNANCE CODE

*(Section drafted under Art. 123-bis of the TUF)*

#### 1. THE BOARD OF DIRECTORS

Number of meetings during the year: 12

Average period of meetings: 1 hour and 16 minutes

Average participation: 86.3%

Number of meetings planned for the year 2015: 8 (2 of which have already been held on the date of this Report).

##### 1.1 Role, responsibilities and functioning

The Board of Directors is invested with the widest powers for the ordinary and extraordinary management of the Company. It therefore has the right to perform all acts, including of disposal, 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 above principle of the centrality of the administrative organ, Art. 13 of the By-Laws allocates to the competence of the Board of Directors all resolutions concerning:

- i) merger and demerger with subsidiaries, in cases permitted by legislation;
- ii) reduction of the share capital, should a Shareholder withdraw;
- iii) amendment of the By-Laws to comply with legal provisions;
- iv) the issuing of non-convertible bonds;
- v) the acquisition and disposal of shareholdings resulting in changes in the composition of Unipol Gruppo Bancario;
- vi) determining the criteria for the coordination and management of companies in Unipol Gruppo Bancario, as well as the criteria for the implementation of instructions issued by the Bank of Italy.

For the purposes of the Corporate Governance Code<sup>1</sup> and the policies in force, the Board of Directors, inter alia:

---

<sup>1</sup> As previously mentioned, the review and adaptation of the existing Corporate Governance Code in the Unipol Group (old perimeter), launched in 2013, will be settled on the outcome (s) of the process of harmonisation and adaptation to ISVAP Regulation No. 20/2008 and (ii) the gap analysis and assessment related to the configuration of UGF as the parent company of the Unipol Banking Group.

- a) examines and approves strategic, financial and industrial plans of the company and the Group periodically 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, defines the tasks and responsibilities of the Corporate Bodies and of Risk Management, Compliance and Audit, as well as information flows, including their timing, between the various units and between governing bodies and the method of coordination and collaboration, if the control remit has areas of potential overlap or make it possible to create synergies;
  - the nature and level of risk consistent with the strategic objectives of the Group;
  - the Sustainability Report;
- c) evaluates the adequacy of the organisational, administrative and accounting structure of the parent company and the Operational Companies of strategic importance<sup>2</sup>, particularly with regard to the system of internal control and risk management. This assessment takes place on the basis of the regular reports of the CEO, the Risks Control Committee and the control governance units;
- d) determines one or more Directors responsible for establishing and maintaining an effective system of internal control and risk management; with regard to the Company, this person has been identified by the Board of Directors as Chairman of the Board of Directors;
- e) after an opinion of the Control and Risk Committee:
  - defines the reference guidelines of the system of internal control and risk management, so that the main risks relating to the Company and its subsidiaries are correctly identified and adequately measured, managed and monitored, determining also the compatibility of these risks with a management of the company which is consistent with the identified strategic objectives;
  - assesses - at least on an annual basis - the adequacy of the internal control system and the management of existing and future risks and in relation to the characteristics 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, the working plan prepared by the head of the Audit Unit, Risk Management, Compliance Functions, after consulting the Board of Statutory Auditors and the Appointed Director;

---

<sup>2</sup> For the purposes of the Corporate Governance Code of the Group, the Operational Companies are regarded as "having strategic significance" if: i) the value of the holding in the Operational Company represents more than 50% of the assets of the parent company, as indicated in the last approved accounts, or, ii) the Operational Company, in view of the activities carried out within the Group and apart from its ownership structure, makes a contribution that the Board of Directors of the parent company considers crucial to the achievement of the strategic and industrial objectives of the Group itself.

- describes, in the corporate governance report, the main features of the internal control system and risk management, expressing its assessment of the adequacy of that system;
  - assesses, after consulting the Board of Statutory Auditors, the conclusions set out by the statutory auditor in any letter of suggestions and report on key issues given in the statutory audit;
- f) requires the prompt reporting of the most significant weaknesses, rapidly assigning guidelines for corrective measures, of which it later evaluates the effectiveness;
- g) determines the risk appetite of the group in accordance with the objective of safeguarding the assets, establishing fixed levels of risk tolerance and reviewing them at least once a year, in order to ensure their effectiveness over time.
- h) appoints, replaces and revokes, on a proposal from the Allocated Director - after a favourable opinion of the Risk Control Committee and having consulted the Board of Statutory Auditors - the managers of the Audit, Risk Management and Compliance Functions, while respecting the eligibility requirements for the position, in terms of reputation and professionalism, established by the specific company policy in force, ensuring that they are provided with adequate resources to carry out the tasks and defining their remuneration in accordance with the remuneration policy adopted by the Company;
- i) may establish within itself commissions and committees with proposal and advisory functions, as deemed appropriate and necessary for the proper functioning and development of the Company and the Group, thereby ensuring that there is adequate and continuous interaction between them, the Top Management and the corporate control Units;
- j) 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 managers with strategic responsibilities, including the heads of the Audit, Compliance and Risk Management Functions;
  - with reference to its subsidiaries of strategic significance, general policies containing guidelines for the remuneration of Directors, the executives with strategic responsibilities, including heads of the Audit, Compliance and Risk Management Units, and Risk Takers, to be approved in accordance with the applicable legislation;
- k) grants and revokes powers to the Chief Executive Officer, defining their limits and operating mode; it also establishes the intervals, which must not, however, be more than a quarter, at which the delegated bodies must report to the Board about the activities carried out in the exercise of the powers conferred on them;
- l) determines, after assessing the proposals of the Remuneration Committee and after consulting the Board of Statutory Auditors, the remuneration of the Chief Executive Officer and the Directors holding particular Offices - even within the Board Committees - and, if the Shareholders' meeting has previously ordained it, the breakdown of the global compensation payable to the members of the

Board of Directors;

- m) appoints and removes the members of the Supervisory Board of the Company; determines, with the assistance of the Remuneration Committee, the remuneration of those members; approves, annually and on a proposal from the Supervisory Board, the estimates of expenditure, including on an extraordinary basis, necessary for the performance of the supervisory tasks laid down by the organisation and management model, as well as the statement of expenditure of the previous year;
- n) 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;
- o) resolves - with the assistance, if requested, of the Related Party Transactions Committee, on the operations of the parent company and/or Operational Companies, when these operations 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 transactions with related parties. To this end lays down general criteria to identify major operations and take appropriate measures to require the Operational Companies to submit for preliminary examination to the Board of Directors of the parent company significant operations for it;
- p) conducts, at least once a year, with the assistance of the Nomination and Corporate Governance Committee, an evaluation of the functioning of the Board of Directors and its committees (hereinafter 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;
- q) taking into account the results of the assessment referred to in the previous paragraph, gives the Shareholders, before the appointment of the new Board, guidelines on the professional figures whose presence in the Board is deemed appropriate;
- r) 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;
- s) approves the guidelines and policies required by the industry regulations.

Further reservations of competence to the Board of Directors will be required (i) by 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. This legislation seeks to ensure that the Board of Directors examines and resolves on significant operations 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 convened 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 Art. 2388 of the Italian Civil Code. In open votes, if the fates are balanced, the Chairman has a casting vote.

On the occasion of Board meetings held during the financial year, the Chief Executive Officer has reported to the Board and the Board of Statutory Auditors on the general performance and foreseeable development, and on operations 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 CEO, in particular, has reported regularly to the Board on the progress of individual business sectors of the Group, 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 committees, including:

- the Committee of the Chairman, the Nomination and Corporate Governance Committee and the Compensation Committee, who 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 and the Committee for Sustainability/Ethics, which has reported regularly on the analysis and the activities carried out and on the findings and proposals for interventions and actions to be started.

The explanatory report of the subject of discussion is normally sent to 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 nondisclosure requirements. This documentation is made available electronically (*Virtual Data Room*) in a way which, in addition to allowing more efficient management in terms of both time savings and high standards of privacy, puts in place effective measures for compliance with the requirements contained in Legislative Decree No 231 of 8 June 2001 and in the Corporate Governance Code.

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 if it is not possible to provide the necessary information with reasonable advance notice.

## **1.2 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 the requirements of professionalism, integrity and independence required by 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 30 April 2013 has appointed the Company's Board of Directors, composed of 25 members, with the same mandate for three years and, therefore, up to the Meeting to approve the annual accounts for the year 2015.

Under Art. 10 of the By-Laws and in accordance with current legislation and regulations, the appointment of the members of the Board of Directors took place on the basis of the list submitted by the Controlling Shareholder Finsoe, accompanied by, inter alia, the statements in which the individual candidates attested to the satisfaction of the requirements prescribed by the applicable legislation and regulations. These instructions are contained in the Corporate Governance section of the Company's *website* [www.unipol.it](http://www.unipol.it).

The Secretary of the Board of Directors, elected under Art. 11 of the By-Laws, was confirmed as Mr. Roberto Giay, Responsible of the Law, Shareholdings and Institutional Relations Department of UGF.

It is recalled that the Meeting of 30 April 2014 confirmed as a member of the Board of Directors of the Company Mr. Paolo Cattabiani, co-opted to the Board of Directors on 20 March 2014 to replace the resigning Mr. Marco Pedroni.

On 3 November 2014, Director Mr. Vanes Galanti and on 18 November 2014, Director Mrs. Hilde Vernailen resigned from their offices. The administrative body, in Board meetings, respectively, of 13 November 2014 and 10 February 2015, co-opted under Art. 2386, first paragraph, of the Italian Civil Code and under Art. 10 of the By-Laws Mr. Carlo Zini and Mrs. Maria Antonietta Pasquariello. The ordinary meeting of 25 February 2015 confirmed the above-named Directors for the period of office of the entire Board of Directors.

The Board of Directors has duly fulfilled the obligations assigned to it by law with regard to the verification of the statutory requirements of its members, as well as of the members of the Board of Statutory Auditors.

It is reported that on 10 February 2015 the Board of Directors adopted, for the purposes of the industry regulations introduced in 2014, the policy for the assessment of the eligibility requirements for the position, which describes, inter alia, the procedures for assessment of the eligibility requirements for the position - in terms of good repute, professionalism and independence, and the absence of legal obstacles, grounds of disqualification and incompatibility situations - of the members of the executive and control organs. This policy will enter into force on 1 April 2015.

It should be noted that, following the death of Director Mr. Rocco Carannante, on the date of this Report the Board of Directors consists of 24 Directors. The meeting convened to approve the annual accounts for the year 2014 will be called on to take the necessary decisions on the composition of the Board of Directors, also considering any proposals which the governing body considers it appropriate to formulate. At its meeting on 19 March 2015, in fact, taking note of the death of Mr. Carannante, the Board of Directors decided to postpone to the next Board meeting any resolution concerning the replacement of Mr. Carannante, to enable the performance of the internal investigations necessary for finding - after assessment by the Nomination and Corporate Governance Committee of the Company - a candidate possessing adequate experience and professional confidence, and the eligibility requirements for the position required by the laws and regulations



applicable.

The composition of the Board of Directors is shown in Table 1.

The CVs of the Directors currently in Office are available for consultation on the Company's *website*, in the section "Corporate Governance/Corporate Bodies/Board of Directors".

The Meetings of 30 April 2013, 30 April 2014 and 25 February 2015 authorised, under Art. 2390 of the Italian Civil Code, within the limits of the law (and, therefore, consistent 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 concurrent performance of activities by the members of the Board of Directors. The Board of Directors also verified the absence, in its members, of situations of incompatibility under the legislation just mentioned.

#### ***Criteria for cumulation of offices held 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 Supervisory Board member held by them in other companies listed on regulated markets (including abroad), in major financial, banking and insurance or other companies.

The Board of Directors, at its meeting of 25 June 2009, adopted a specific Regulation as orientation concerning the maximum number of appointments of a Director or Supervisory Board member that can be regarded as compatible with the effective implementation of the mandate of a Director of the Company, in accordance with the application criteria 1.C.2. and 1.C.3. of the Code of Conduct. The Regulation (which can be consulted in the Corporate Governance section of the Company's *website* [www.unipol.it](http://www.unipol.it)) defines certain general criteria, which take account of the actual role that the UGF 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 UGF.

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 "prohibition of *interlocking*").

Verification of the cumulation of offices held by Directors is performed by the Board of Directors at the time of appointment of Directors and, thereafter, each year.

The annual assessment on the continued satisfaction of the requirements relating to the overlapping of tasks was performed by the Board of Directors on 15 May 2014. This assessment was also carried out, for Mrs. Maria Antonietta Pasquariello and Mr. Carlo Zini, following their appointment. The administrative body has estimated that all the members of the Board of Directors are capable of the efficient performance of their duties.

There are, finally, no situations of so-called "*cross-directorship*".

### **Induction Program**

For the purposes of application criteria and 2.C.2. of the Code of Conduct, specific courses have been carried out in order to allow the Directors and Board of Statutory Auditors members to acquire an adequate knowledge of the sector of activity in which the Company operates, the business dynamics and their evolution and also the regulatory reference framework. In particular, during the year, special *induction sessions* were organised for the greater understanding of the so-called Solvency Directive II on the asset requirements of insurance companies and groups.

### **1.3 Appointment and replacement of Directors**

In accordance with the law and by the By-Laws, the Board of Directors will be appointed on the basis of lists presented by Shareholders who, on presentation of them, are entitled to vote in its deliberations and discussions, filed at the Company's headquarters, by the twenty-fifth day before the date of the meeting. The lists must indicate a number of candidates belonging to the less represented gender to ensure, within each list, respect for the balance between genders at least to the minimum extent required by the legislation and regulations *currently in force*, as well as at least two persons in possession of such independence requirements for Supervisory Board members under Art. 148, paragraph 3, of the TUF.

Lists may be presented by Shareholders who, alone or together with others, are holders of a stake determined in accordance with the statutory provisions and regulations in force as from time to time communicated in the notice of convocation of the Meeting: on the date of this Report, this stake, as determined by CONSOB, most recently by resolution 19109 of 28 January 2015, is 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, under Art. 2386 of the Italian Civil Code, will be as follows:

- i) the Board of Directors appoints the deputies from among the candidates belonging to the same list as the parting 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;
- ii) 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 convened 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 under Art. 2386 of the Italian Civil Code, the Meeting will act in accordance with 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.

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.

#### **1.4 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. Consequently, the Company excludes from the list of independent Directors - regardless of whether they comply or not with one or more of the requirements of application criterion 3.C.1 of the Code of Conduct - Directors who:

- (i) hold offices in the corporate bodies of the direct parent company Finsoe;
- (ii) hold offices in the corporate bodies of entities participating in shareholders' agreements for the control of the Company or nevertheless containing clauses regarding the composition of the Board of Directors of the Company, or in the corporate bodies of companies controlled by the same in accordance with Art. 2359, first paragraph, of the Italian Civil Code (this case, moreover, did not apply in the past, nor does it currently apply).

The Board of Directors is composed - with the exception of the Chief Executive Officer and, as explained below, the Chairman - of non-executive Directors, i.e. without management powers and not holding strategic or management positions in the Company, in subsidiaries of strategic importance or in the parent company, as provided for in the Code of Conduct.

It is also pointed out that, with Board resolution of 27 September 2012, the functions of Director In Charge were conferred on the Chairman, Pierluigi Stefanini, and, therefore, by effect of the office received, also the Chairman of the Board of Directors acquires the qualification of executive director, as illustrated below in Paragraph 6.2.

The annual assessment of independence of Directors by the Board of Directors was carried out in the Board meeting of 15 May 2014 – and, for Mrs. Pasquariello and Mr. Zini, more recently on 19 March 2015 – for the requirements provided for by the TUF and by the Code of Conduct, taking into account the indications provided by CONSOB with communication DEM/10046789 of 20 May 2010, in which it is stated that “*the definition of independent director pursuant to the combined provisions of Articles 147-ter, fourth paragraph, and 148, third paragraph of the Consolidated Law on Finance, allows the appointment of an independent director of a listed company as an independent director in one or more subsidiaries of the listed company*”

*without this in itself leading to the loss of independence”.*

The outcome of the verification is shown in Table 1.

The Board of Statutory Auditors, pursuant to the provisions of application criterion 3.C.5. of the Code of Conduct, reports on the outcome of the audit carried out on the correct application of the verification criteria and procedures adopted by the Board of Directors to assess the independence of its members in the Statutory Auditors' report to the Shareholders' Meeting.

It is pointed out that, in the Policy for assessment of possession of the requirements of eligibility for the office already mentioned, with reference, in particular, to the requirement of independence of a Director, the criteria already adopted to date by the Board of Directors have been supplemented with a further requirement, envisaging that account should be taken of any professional services rendered to the company and/or subsidiaries exceeding 5% of the annual turnover of the Company or Entity which the Director controls or of which the same is an important representative or of the Professional or Consulting Firm of which the same is a partner or shareholder or, in any case, the amount of €200,000.

During 2014 there were no formal meetings of the independent Directors in the absence of the other Directors, deeming that the periodic process of self-assessment of the Board of Directors provided the opportunity for them to freely express their opinion on the functioning of the Board, discussing the outcomes in a meeting of the Board itself.

### **1.5 Lead Independent Director**

The Chairman has no operational powers and no specific role in developing corporate strategies. The separation of the roles of Chairman and Chief Executive Officer 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.

### **1.6 Remuneration**

The Shareholders' meeting of 30 April 2013 resolved annual remuneration for each Director of €40,000, as well as payment of an attendance fee of €1,000 for each Board or Shareholders' meeting attended.

This Meeting also resolved to provide insurance coverage 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 May 2013, defined the remuneration of the Chairman, Deputy Chairman and Chief Executive Officer for the offices held.

The Board of Directors also approved for Directors who are members of Board Committees a fixed

remuneration of €1,000 for attending each respective meeting.

The remuneration of non-executive Directors is not linked to the results achieved by 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, in accordance with 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.

During 2014, the Board of Directors defined, in line with the previous year, the general policy for remuneration of members of corporate bodies and key managers of UGF for 2014.

On 19 March 2015, the Board of Directors of the Company updated the general policy for remuneration of members of corporate bodies and key managers of UGF for the current year, and also approved the Remuneration Report prepared pursuant to Art. 123-ter of the TUF, which will be submitted to the Shareholders' meeting convened to approve the 2014 financial statements. Please refer to the Remuneration Report (which will be made available in accordance with law in the Corporate Governance section of the Company's website [www.unipol.it](http://www.unipol.it)) for information relating to 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 of maturity of rights, as well as mechanisms for incentivisation of managers of internal control functions. The same document also contains detailed information on the remuneration received during the year by members of the Board of Directors, the Chief Executive Officer, as well as the cumulative remuneration received by Key Managers.

### **Succession planning**

With reference to the recommendations contained in CONSOB Communication no. DEM/110129884 of 24 February 2011, it is pointed out that the Company has started the implementation of a Succession Planning project for Group Executives and, more generally, key managers.

The project, 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 design methodology adopted 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.

## 1.7 Annual self-assessment

The Board Performance Evaluation activities in terms of size, composition and functioning of the Board of Directors and Board Committees, carried out by the Appointments and Corporate Governance Committee, were divided into: (i) an individual discussion with each Director and Statutory Auditor based on a self-assessment questionnaire and preparation by the Advisor of a Summary Report for the Committee and therefore for the Board of Directors; (ii) analysis of the information and comments emerging; and (iii) discussion with the Board, during its meeting held on 15 May 2014, of a report on the main results.

The Nomination and Corporate Governance Committee, as a body with advisory and consulting functions for identification of the optimal composition and the best mode of operation of the Board of Directors, also involving the Board of Statutory Auditors, has defined criteria and tools for conducting the Board Performance Evaluation, envisaging that Egon Zehnder International S.p.A., advisor of primary standing in the industry, supports Directors and Statutory Auditors in conducting the analysis. In order to accompany the entire term of office of the Board of Directors and, therefore, follow the evolution of the same during the period 2013-2015 - conducting, for each financial year, a Board Performance Evaluation, 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, at the proposal of the Nomination and Corporate Governance Committee, appointed the advisor for a three-year term.

From the above activities, carried out in 2014 with reference to the previous year, the following emerged:

- satisfaction with the performance of the Board in risk management and control and in strategic supervision, as well as confidence in its ability to effectively implement its strategies;
- satisfaction with the Chairman and Chief Executive Officer as well as with the work carried out by the Board as a whole;
- satisfaction with the quality of the relationship with the permanent controlling shareholders, a relationship that is perceived as a clear competitive advantage;
- assessment of the opportunity to dedicate more time to strategy, human resources and organisation issues, as well as to establish adequate and continuous induction and refresher plans for all Directors.

## 2. THE CHAIRMAN

The Chairman of the Company is elected, pursuant to Art. 11 of the Article of Association, by the Board of Directors from among its members, if the Shareholders' Meeting has not already done so, for three financial years or for the shorter period of office of the Board itself.

The Board of Directors, in its meeting of 9 May 2013, 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 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 operates, corporate dynamics and evolution of the same, as well as the relevant regulatory framework.

The Chairman and Chief Executive Officer, 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 reporting to it. The Chairman collects the aspirations of Shareholders, translating them into strategic and operational guidelines for the Board of Directors. The Chairman is also responsible for ensuring that operations, 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 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 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.

The Chairman, in consultation with the Chief Executive Officer<sup>3</sup>, is also responsible for:

- planning the work of the Board of Directors, put case by case on the agenda, 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 Appointments and Corporate Governance Committee - nominations for the General Manager and 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, as well as of Chairman, Deputy Chairman and General Manager (and/or Chief Executive Officer) of important companies (whether Operating Companies with strategic importance or affiliates) after having carried out the most appropriate prior consultation activities and having submitted such candidates to the Nomination and Corporate Governance Committee;

---

<sup>3</sup> Pursuant to the Corporate Governance Code, if the Chief Executive Officer is in a situation of potential conflict of interest in performing the functions that said Chief Executive Officer must carry out in agreement with the Chairman, these functions are exercised, in his stead, by the Deputy Chairman.

- indicating candidates - to be proposed to the competent decision-making bodies - for the office of Director, Statutory Auditor and Chairman, Deputy Chairman and General Manager (and/or Chief Executive Officer) of Subsidiaries and direct affiliates of lesser importance;
- expressing the consent of the Company for the appointment of trustees by Operating Companies in their respective subsidiaries and affiliates of lesser importance;
- proposing to the relevant decision-making bodies the global or individual remuneration to be paid to members of the Board of Directors of Operating Companies, in accordance with the guidelines identified in the general policies approved by the Board of Directors;
- formulating to the relevant decision-making bodies the proposals for the remuneration of the Chairmen, Deputy Chairmen and General Managers (and/or Chief Executive Officers) of Operating Companies, in accordance with the guidelines identified in the general policies approved by the Board of Directors;
- expressing to the Remuneration Committee indications for the formulation of proposals to be submitted to the Board of Directors concerning remuneration policies for the General Manager and Deputy General Manager and other Key Managers of Operating Companies of strategic importance;
- formulating to the Board of Directors, in accordance with the guidelines identified in the general policies approved by the latter, proposals regarding the remuneration of the General Manager of the Company, as well as determination of the overall financial package, setting the performance objectives related to the variable component of such remuneration;
- defining, in accordance with the guidelines identified in the general policies approved by the Board of Directors, the remuneration of Key Managers of the Company and of Operating Companies of strategic importance, setting, where applicable, the performance objectives related to the variable component of such remuneration.

The Chairman is automatically a member of the Chairman's Committee, is entitled to attend meetings of the Nomination and Corporate Governance Committee, the Remuneration Committee and the Sustainability Committee/Ethics Committee and is invited to meetings of the Control and Risks Committee.

### **3. 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, if the Shareholders' Meeting has not already done so, for three financial years or for the shorter period of office of the Board itself.

The Board of Directors, in its meeting of 9 May 2013, confirmed Mr. Giovanni Antonelli as Deputy Chairman of the Company.

The Deputy Chairman, together with the Chairman, Chief Executive Officer and other members appointed by the Board of Directors, is a member of the Chairman's Committee. He is entitled to attend meetings of the Nomination and Corporate Governance Committee, the Remuneration Committee and the Sustainability



Committee/Ethics Committee and is invited to meetings of the Control and Risks Committee.

The Deputy Chairman replaces the Chairman with the same powers in the event of absence or impediment of the latter and, in this function, may access all information within the corporate structure, informing the Chief Executive Officer of information acquired from other sources, for the orderly management of the structure itself.

#### **4. CHIEF EXECUTIVE OFFICER/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.

The Board of Directors, in its meeting of 9 May 2013, confirmed Mr. Carlo Cimbri as Chief Executive Officer of the Company.

The Chief Executive Officer - in his capacity as executive director of the Company - carries out 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 functioning of the vertical relationships between the Company and the various 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, as well as of Chairman, Deputy Chairman and General Manager (and/or Chief Executive Officer) of important companies (whether Operating Companies of strategic importance or affiliates), so that the Chairman can submit them to the Nomination and Corporate Governance Committee and

propose them to the Board of Directors;

- g) submits to the Chairman candidates to be proposed to the competent decision-making bodies for the offices of Director and Statutory Auditor, as well as Chairman, Deputy Chairman and General Manager (and/or Chief Executive Officer) of Group Subsidiaries and direct affiliates of lesser importance;
- h) submits to the Chairman candidates for expressing the consent of the Parent Company for the appointment of trustees by Operating Companies in their respective subsidiaries and affiliates of lesser importance;
- i) supervises management of the process of appointing "key Group resources" for the main managerial positions in the various Group entities;
- j) expresses, in agreement with the Chairman, to the Remuneration Committee indications for the formulation of proposals to be submitted to the Board of Directors concerning remuneration policies for the General Manager and Deputy General Manager and other Key Managers of Operating Companies of strategic importance;
- k) formulates, in agreement with the Chairman, to the Board of Directors, in accordance with the guidelines identified in the general policies approved by the latter, proposals regarding the remuneration of the General Manager of the Company, as well as determination of the overall financial package, setting the performance objectives related to the variable component of such remuneration;
- l) defines, in agreement with the Chairman, the remuneration of Key Managers of the Company and Operating Companies of strategic importance, setting the performance objectives related to the variable component, in accordance with the guidelines defined in the general policies by the Board of Directors;
- m) proposes, in agreement with the Chairman, to the relevant decision-making bodies the global or individual remuneration to be paid to members of the Board of Directors of Operating Companies, in accordance with the guidelines identified in the general policies approved by the Board of Directors;
- n) formulates, in agreement with the Chairman, to the relevant decision-making bodies, proposals for remuneration of the Chairmen and Deputy Chairmen of Operating Companies, in accordance with the guidelines identified in the general policies of the Board of Directors.

If the Chief Executive Officer 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 powers on the Chief Executive Officer with related limits.

The Chief Executive Officer is automatically a member of the Chairman's Committee, is entitled to attend, with advisory functions, meetings of the Appointments and Corporate Governance Committee, the Sustainability Committee/Ethics Committee, as well as the Remuneration Committee and is invited to

meetings of the Control and Risks Committee.

The Chief Executive Officer 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.

## **5. THE COMMITTEES**

The Board of Directors, within the scope of its powers as per the By-Laws, in order to increase the efficiency and efficacy of its activities, has established specific internal committees, with advisory and propositional functions in compliance with the criteria set forth in the Corporate Governance Code.

In 2001, the Remuneration Committee and the Internal Control Committee were established. In 2012, in compliance with the amendments made to the Corporate Governance Code, the Internal Control Committee took the name of Control and Risk Committee; in 2007, the Appointment Committee was established which, in 2010, took the name of Nomination and Corporate Governance Committee. The Executive Committee and the Social Responsibility Committees were also created and took the name of Sustainability Committee in 2011. The latter, following approval of the Code of Ethics for the Group in March 2009, was also assigned Code of Ethics functions.

Finally, in 2010, the Committee for Transactions with Related Parties was established in compliance with the new legislative provisions.

### **5.1 Chairman's Committee**

Number of meetings held in the financial period: 6.

The Chairman's Committee, appointed on 9 May 2013, is composed of the Chairman of the Board of Directors, the Vice-Chairman, the CEO and the other Directors appointed by the Board of Directors.

The composition of the Chairman's Committee is detailed in Table n. 3.

With resolution of 20 March 2014, the administrative body appointed a new member of the Chairman's Committee, more specifically Mr Paolo Cattabiani, who was appointed at the same time as a member of the Board of Directors of UGF replacing the exiting Director (and member of the Committee), Mr. Marco Pedroni. In the meeting of the Board of Directors of 15 May 2014, following the Shareholders' Meeting which confirmed the appointment of Mr. Cattabiani, the Board of Directors confirmed also the appointment of said Director as a member of the Chairman's Committee. 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; 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-annual strategic plans and annual budgets of the Company and the Group.

During its meetings, the Chairman's Committee carried out the advisory and support activities assigned by the Corporate Governance Code.

## **5.2 Nomination and Corporate Governance Committee**

Number of meetings held during the financial period: 6.

Average duration of the meetings: 35 minutes, approximately.

Number of meetings planned for the 2015 period: 10 (of which 2 already held as at the date of this Report).

The Board of Directors appointed, on 09 May 2013, the members of the Nomination and Corporate Governance Committee.

The composition of the Nomination and Corporate Governance Committee is detailed in Table n. 3.

The Chairman of the Committee is responsible for reporting on the works performed, availing itself of the support of the Secretary, whose functions are carried out by the Law, Shareholdings and Institutional Relations 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 co-option cases, if an 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 advisory committees of the Company;
- the appointment of the General Manager and the Vice-General Manager of the Company;
- the names to be submitted for the offices of Directors and Statutory Auditors, as well as those of Chairman, Vice-Chairman and General Manager (and/or CEO) in the relevant companies (whether operating companies with strategic relevance or investees). To this end, the Chairman is responsible to submit to the Nomination and Corporate Governance Committee these candidacies, in agreement with the 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 avails itself of a budget, approved by the Board of Directors, that is adequate for the performance of its tasks.

During the 2014 period and at the meetings held in 2015, the Nomination and Corporate Governance Committee performed the following activities:

- a) defined criteria and methods for carrying out the annual Board Performance Evaluation of the Board of Directors, with the support of an external advisor;
- b) reviewed the annual reports on Corporate Governance for the 2014 and 2015 periods;
- c) proposed to the Board of Directors the appointment of a new independent Director replacing the exiting non-executive and independent Director, Mrs Vernailen;
- d) expressed, pursuant to the Governance Code, opinions regarding:
  - proposals for the appointment and designation of the members of the Board of Directors of the Company and the Subsidiaries;
  - annual assessment of the independence of Directors and Statutory Auditors;

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

### **5.3 Remuneration Committee**

Number of meetings held during the financial period: 2.

Average duration of the meetings: 1 hour, approximately.

Number of meetings planned for the 2015 period: 4 (of which 1 already held as at the date of this Report).

The Board of Directors appointed, at the meeting of 30 April 2013, the members of the Remuneration Committee, one of whom with adequate expertise in financial matters or remuneration policies, as assessed by the Board of Directors at the time of the appointment.

The composition of the Committee is detailed in Table n. 3.

The Chairman of the Committee is responsible for reporting on the works performed, availing itself of the support of the Secretary, whose functions are carried out by the Human Resources and Organisation Management Department.

The meetings of the Remuneration Committee are attended, by right, and with advisory functions, by the

Chairman of the Board of Directors, the Vice-Chairman and the CEO; the Chairman of the Board of Statutory Auditors or any other designated Statutory Auditor participates by right in the meetings.

The Remuneration Committee carries out investigative, propositional and advisory functions. In particular, it is responsible for:

- submitting to the Board of Directors proposals regarding general policies for the remuneration of the Directors and the Executives with strategic responsibilities (including the managers of the Audit, Compliance and Risk Management functions) of the Company and of the Operating Companies with strategic relevance;
- submitting to the Board of Directors proposals for the remuneration of the CEO and the Directors who perform particular 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 the performance objectives;
- assessing periodically the adequacy, the overall consistency and concrete application of general policies for the remuneration of the Directors and the Executives with strategic responsibilities (including the managers of the Audit, Compliance and Risk Management functions), within the Company and within the Operating Companies with strategic relevance, availing itself, to this end, of the information provided by the CEO and submitting to the Board of Directors proposals in this regard.

The Chairman of the Remuneration Committee is responsible for gathering data and submitting it to the Committee, thus ensuring that all the various topics under examination are accompanied by the information necessary for issuing informed decisions. The Chairman is responsible for reporting on the works, with the support of the Secretary.

No Director or Statutory Auditor attends the meetings of the Remuneration Committee where proposals for the Board of Directors' remunerations are formulated, except if the proposals refer to the remuneration for the Directors or Statutory Auditors in general.

The Remuneration Committee, in order to carry out the assigned tasks may avail itself, 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 to the corporate structures in charge of human resources management, to the Directors or the Executives with strategic responsibilities services of such a significance as to concretely compromise the independence of the advisers themselves and (ii) exceptions of incompatibility of the advisers identified within the overall corporate context are not raised by the corporate structures in charge of the management of the human resources or by the CEO.

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

During the financial period, the Remuneration Committee carried out mainly the following activities:

- reviewed the remuneration benchmarks of key management personnel comparing them with those of similar Groups and Companies in order to determine the overall alignment of the remunerations, thus expressing favourable opinion as regards possible adjustments of the fixed portion of remuneration of key personnel, based on said market benchmarks;
  - reviewed and proposed to the Board of Directors the adoption of Remuneration Policies related to the 2014 financial period for UGF, for the insurance subsidiaries, for the companies that are instrumental to the Insurance Group and to the companies of the banking area of the Group;
  - reviewed and shared the Report on Remuneration prepared for UGF, pursuant to Art. 123-ter of TUF (Consolidated Finance Act);
  - expressed a favourable opinion to the Board of Directors as regards the adoption of the incentive plan called Unipol Performance Management (“UPM System”), for the period 2013-2015 and the adoption of the related Regulations and attached Remuneration Plan based on financial instruments, pursuant to Art. 84-bis of the Issuers' Regulations for the 2014 period;
- reviewed the results arising from the UPM System for the 2013 period, acknowledging the presence of the conditions for the payment of the short term variable portion, thus expressing a favourable opinion to proceed with the disbursement of the set out short term monetary remuneration and related requirements fulfilment.

Also, the Committee made a prior assessment of the independence of the advisor from whom it had received information on market practices regarding remuneration policies.

#### **5.4 Control and Risk Committee**

Number of meetings held during the financial period: 9.

Average duration of the meetings: 100 minutes, approximately.

Number of meetings planned for the 2015 period: 7 (of which 1 already held).

At the meeting of 09 May 2013, the Board of Directors appointed the members of the Control and Risk Committee, 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 his/her appointment.

The composition of the Control and Risk Committee is detailed in annexed Table n. 3.

The Chairmanship of the Control and Risk Committee is entrusted to an independent Director, Mrs Rossana Zambelli.

The Chairman is responsible for reporting on the works performed, availing itself of the support of the Secretary, whose functions are carried out by Audit function.

The Committee 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 periodical 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 applicable to the internal control and risk management system, in order to correctly identify, measure, manage and monitor the main risks to which the Company and its subsidiaries are exposed, thus determining the degree of compatibility of such risks with a corporate management that must be in line with the identified strategic objectives;
  - approval, on an annual basis, of the work plan prepared by the managers of the Audit, Compliance and Risk Management functions;
  - preparation of an annual report on corporate governance that includes a description of the main characteristics of the internal control and risk management system, and assesses its adequacy;
  - assessments, after consulting with the Board of Statutory Auditors, of the results provided by the Auditing Company in its contingent letter with recommendations and in the report about any fundamental issues identified during auditing;
- b) expresses a binding opinion on the proposal for the appointment and the revocation of the managers of the Audit, Compliance, Anti-Money Laundering and Risk Management functions and related remunerations, in accordance with the guidelines adopted by the Board of Directors;
- c) expresses a binding opinion on the resolutions approved by the Board of Directors as regards the allocation of adequate resources to the managers of the Audit, Compliance, Anti-Money Laundering and Risk Management functions, for the fulfilment of the assigned responsibilities;
- d) assesses, together with the designated Financial Reporting Officer, after consulting with the Independent Auditing Company and with the Board of Statutory Auditors, the correct application of accounting standards and, with reference to the Consolidated Financial Statements, their consistent use at a Group level;
- e) expresses opinions on specific aspects regarding the identification of the main corporate risks;
- f) reviews the periodical reports containing assessments about the internal control and risk management system, and those of particular relevance as prepared by the Audit, Compliance, Anti-Money Laundering and Risk Management functions;
- g) monitors the autonomy, adequacy, efficacy and efficiency of the Audit, Compliance, Anti-Money Laundering and Risk Management functions;
- h) may ask to the Audit function to carry out assessments on specific operational areas and informs at the same time the Chairman of the Board of Directors, the designated Director, the CEO and the Chairman of the Board of Statutory Auditors about such assignments;



- i) reports to the Board of Directors, at least on a semi-annual basis, at the time of the approval of the annual and semi-annual financial report, about the performed activities and the adequacy of the internal control and risk management system.
- j) establishes functional connections with the Committees created within the companies of the Group.

In order to perform its tasks, the Control and Risk Committee avails itself of tools and information flows provided specifically by the Audit, Compliance and Anti-Money Laundering functions of the Company, so as to allow the Committee itself to issue the required assessments within its area of competence. In addition, the Control and Risk Committee can:

- request to the members of the bodies of the subsidiaries, all documented information that is deemed necessary for a correct performance of the assigned tasks;
- propose, with the appropriate reasoning, the appointment of external consultants who would support the Committee itself for the performance of tasks assigned thereto.
- propose, promote and convene joint meetings in order to establish and maintain proper functional connections with the same Committees established in the companies of the Group and to create information flows among the Committees themselves.

In carrying out its activities, the Control and Risk Committee has adopted methods that ensure an effective cooperation with the same Committee of UnipolSai as regards the matters of greater relevance and interest to the latter, in order to implement with efficacy and consistency the operational directions set forth by UGF for the Group as they apply to the areas under the responsibilities of the Committee.

The Control and Risk Committee, also in consideration of the powers attributed by Legislative Decree n. 39/2010 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 in the pursuit of principles of cost containment of control activities, in 2014, the Board of Statutory Auditors attended the meetings of the Committee.

The Committee avails itself of a budget, approved by the Board of Directors, that is adequate for the performance of its tasks.

The Control and Risk Committee during the meetings held in 2014 and until the date of this Report, reviewed and evaluated, inter alias:

- the reports about the activities performed by the Audit function – including special control activities as required by the annual plan and/or outside of said plan and shared with the Committee itself – as well as the related activity plan;
- the reports about the activities carried out by the Risk Management function and related activities plan, including specific documented information about the plan for the alignment with the Solvency II regulations;
- the reports about the activities carried out by the Compliance Function, and related activity plan;

- the reports about the activities carried out by the Anti-Money Laundering function;
- 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 of the managers of the Audit, Compliance, Anti-Money Laundering and Risk Management functions;
- the proposals for the annual update of the ICS Directives (as defined in the following Chapter 6), issuing specific opinions;
- the company's policies, prepared or updated pursuant to the provisions contained in the ISVAP Regulations n. 20/2008 and in the Circular issued by the Bank of Italy n. 263/2006;
- the drafts of the annual Reports on corporate governance and shareholding structures with reference to the 2013 and 2014 financial periods;
- the outcomes of the particularly relevant Audit reports.

The Committee reported also to the Board of Directors about the carried out activities and the related results included in the semi-annual report as at 30 June 2014 and at the time of approval of the Financial Statements for the year 2014.

The meetings of the Control and Risk Committee were attended by external subjects, upon invitation by the Committee's Chairman, who were convened to provide input on specific agenda items.

## **5.5 Sustainability Committee/ Ethics Committee**

Number of meetings held in the 2014 period: 3 in the capacity of Sustainability Committee and 3 in the capacity of Ethics Committee.

Average duration of the meetings: 1.5 hours, approximately.

Number of meetings planned for the 2015 period: 6 (of which 2 already held, one of them as Ethics Committee).

The Board of Directors appointed, on 09 May 2013, the members of the Sustainability Committee/Ethics Committee.

The composition of the Committee is detailed in annexed Table n. 3.

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

- reviews the guidelines and the methods adopted for the preparation of the Sustainability Plan and the Annual Sustainability Budget;
- reviews the draft and methods used for preparing the Sustainability Budget;

- prepares periodical updates on the main preliminary activities intended for the fulfilment of the Group's Sustainability objectives;
- provides opinions to the Chairman and the CEO regarding specific methods for information on, and dissemination of the Sustainability Plan and the Sustainability Budget;
- promotes periodical monitoring activities as regards an appropriate alignment of the indicators of the Sustainability Plan with the operational and business activities of the Group.

The Board of Directors, in compliance with the principles stated in the Code of Ethics, has entrusted to the Sustainability Committee the propositional, advisory and approval functions of the Ethics Committee, assigning the following tasks:

- promotion of consistency between the principles of the Code of Ethics, the corporate policies and the mission of the Group;
- contribution to the definition of the initiatives intended to promote knowledge and understanding of the Code of Ethics;
- definition of the set up of the communication and ethical training plans to be submitted for review to the Board of Directors;
- promotion of a revision of the Code of Ethics and possible periodical updates and developments;
- monitoring of compliance with the Code of Ethics. To this end, through the Ethics Manager, carrying out assessments regarding compliance with the Code of Ethics by the recipients thereof, collecting all necessary information and documentation;
- issuing of opinions regarding the most complex reports received by the Ethics Manager as regards alleged breaches of the Code of Ethics;
- receipt and assessment of the Ethics Report prepared by the Ethics Manager, including its publication in the Sustainability Report.

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

At the time of said meetings, the Sustainability Committee reviewed in particular the results achieved in reference to the objectives defined by the 2013-2015 Sustainability Plan and issued opinions and assessments useful to the development of initiatives in order to further qualify the strategy, policies and sustainability actions of the Group. It also reviewed the Sustainability Report of 2013, subsequently approved by the Board of Directors, as well as the Sustainability Budget for 2013, for internal use only. In addition, it reviewed the progress made in the sustainability projects under way and evaluated proposals for new projects and actions aimed at developing and strengthening the commitments and characterisation of Unipol as a sustainable company.

The Ethics Committee, at the time of the afore mentioned meetings, reviewed the reports received by the Ethics Manager and adopted the actions deemed most suitable for dealing with the most significant cases. It

shared and approved the Ethics Report of 2013 that was brought to the attention of the Board of Directors and published in full in the Sustainability Report. It discussed the criteria for the update of the Code of Ethics to ensure adjustments that would take into account both the experience accrued during the financial periods – from 2009 to 2013 – within the Group, as well as the changed size and characteristics of the Unipol Group. In addition, it gave particular attention to the definition of activities aimed at promoting the dissemination of the Code of Ethics. Within this framework, it must be noted that in 2014, even the foreign companies of the Group have adopted both the Charter of Values and the Code of Ethics of the Group, in the appropriate English language version.

## **5.6 Related Party Transactions Committee**

Number of Meetings held during the financial period: 2.

Average duration of the meetings: 1 hour, approximately.

Number of meetings planned for the 2015 period: 5 (of which 1 already held as at the date of this Report).

The Board of Directors appointed, on 09 May 2013, the members of the Related Party Transactions Committee.

The composition of the Committee is detailed in annexed Table n. 3.

The Chairman of the Committee is responsible for reporting on the works performed, availing itself of the support of the Secretary, whose functions are carried out by the Law Shareholdings and Institutional Relations Department.

The Committee has advisory, dialectic and propositional functions with the Board of Directors and the corporate structures of UGF and its subsidiaries, as regards Transactions with related parties (“Transactions”), in compliance with the provisions set forth in the Regulations issued by CONSOB with resolution n. 17221 of 12 March 2010, as amended, and the internal procedure adopted by UGF for carrying out these transactions (see the following paragraph 7).

More specifically, the Committee:

- participates in the negotiation and in the investigation phases of Transactions of major relevance (as defined in the Related Party Procedure);
- 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 registered (the “Related Parties Register”);
- expresses to the body called upon to issue a reasoned, non-binding opinion about the interest of the Company in carrying out Transactions of minor relevance (as defined in the previously mentioned internal procedure), as well as about the convenience and substantial correctness of related conditions;
- expresses to the competent body called upon to issue a resolution, based on complete and timely information provided by the company's structure during the investigational phase, and if appropriate,

during negotiations, a favourable and reasoned opinion on the interest of the Company in the completion of Transactions of major relevance, as well as on the convenience and substantial correctness of all related conditions;

- expresses to the delegated body of UGF (Board of directors or CEO, based on the respective areas of competence and/or delegated powers), which has the authority to approve Transactions of major and minor relevance carried out through the subsidiaries, a reasoned and non-binding opinion regarding the interest of the Subsidiary and of the Company or the Group 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 regarding updates made to the Internal Procedure regarding Transactions with the Related Parties.

The Committee avails itself of a budget, approved by the Board of Directors, that is adequate for the performance of its tasks.

The meetings of the Related Party Transaction Committee were attended by employees and external subjects, upon invitation by the Committee's Chairman, who were convened to provide input on specific agenda items.

## **6. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

The Internal Control and Risk Management System is a fundamental element in the overall corporate governance system. It is made up of a set of rules, procedures and organisational structures that aim to ensure:

- effectiveness and efficiency of corporate processes;
- suitable limits on current and forward-looking risks;
- avoiding the company's involvement, even involuntarily, in unlawful activities, particularly those associated with money laundering, usury and terrorism financing;
- verification that corporate strategies and policies are implemented;
- safeguarding of company asset values and proper management of assets held on behalf of customers;
- reliability and integrity of accounting and operational data and of IT procedures;
- adequacy and promptness of the corporate data reporting system;
- compliance of business activities and transactions executed on behalf of customers 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 UGF Board of Directors in December 2008 and periodically updated thereafter, the last

update being approved on 18 December 2014<sup>4</sup>.

The ICS Directives, also to adapt to the insurance and banking regulations that entered into force in 2014, defined the coordination methods and information flows between the various parties involved in the Internal Control and Risk Management System.

In 2014 a major review of the corporate policies relating to the internal control system was conducted, with particular regard to risk management policies. These policies were approved by UGF as part of its management and coordination activities, also in its capacity as parent company of the Unipol Insurance Group and Unipol Banking Group, and were subsequently adopted by the Company and by subsidiaries included in the related scope of application. The principles and processes of the overall Risk Management System are governed by the following Group policies: "Risk Management Policy", "Current and Forward-looking Risk Assessment Policy" and "Operational Risk Management 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. 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.

#### *Risk Management System*

The Risk Management System is the set of principles, processes and tools that offer a suitable understanding of the nature and significance of risks to which the Group and individual companies are exposed. This System, which aims to provide a standardised and holistic approach to risk management, is used in support of the strategy to manage the risks to which the Company and the Group are exposed and forms an integral part of business management.

Within the Group, risk management is divided into the following steps:

- *identification of significant risks*, i.e. those with consequences capable of compromising the solvency or reputation of the Group or constitute a serious obstacle to achieving strategic objectives. These risks are classified according to a taxonomy that takes into consideration the Group structure and the specific nature of the types of business managed by the various operating companies.
- *risk assessment*, consisting in measurement of the risk and identification of the impact of a potential event on the achievement of corporate objectives. Risk measurement is performed through the combined use of various methods and tools:
  - *Solvency I* - the regulatory method in force which introduced the minimum capital requirement (minimum solvency margin) and the ratio with indicators such as premiums and claims, mathematical provisions and capital at risk;
  - *Solvency II* - the standard formula envisaged for regulatory purposes and adopted by the Group's insurance companies that will use this method also to verify regulatory solvency. In

---

<sup>4</sup> All companies included in the scope of application of the Directives regarding the Internal Control and Risk Management System implement these at the first available Board of Directors meeting.

addition, as part of the process of implementing the regulations, the Group has outlined the developments in its risk management logic in readiness for Solvency II, also through the development and use of an Internal Model for the assessment and measurement of risks, which uses sophisticated financial analysis and discounting tools<sup>5</sup>;

- *Stress tests* - these are quantitative approaches used by businesses to assess their vulnerability to extreme but plausible events; After the stress tests, the Risk Management Function prepares suitable reports to Top Management, the Group Risks Committee and the respective Boards of Directors;
- *Basel II and the capital adequacy assessment* - the Unipol Banking Group qualifies as a Class 2 bank (“Banking groups and banks that use standardised procedures, with consolidated or individual assets exceeding €3.5bn”);
- *Basel III New rules on capital and bank liquidity* - with regard to the new Basel III regulations, note that on 27 June 2013 the Official Journal of the European Union published the texts of Regulation (EU) no. 575/2013 (“CRR”) and Directive 2013/36/EU (“CRD IV”) on prudential supervision, which apply the standards defined by the Basel Committee on banking supervision to the EU member states. These new measures entered into force on 1 January 2014 and a transitional system was envisaged for the application of provisions on regulatory capital (equity) and capital reserves (buffer);
- *control, reporting* - a reporting system was arranged that integrates the results of the Internal Model. This system divides reporting into “internal” and “external”. Internal reporting, addressed to the bodies and internal structures of the Group, has the aim of steering strategic and business decisions and verifying sustainability over time. External reporting is divided into “reporting to the Supervisory Authority” and “reporting to the market”.
- *mitigation* - in coordination with all the structures/departments involved, consists in identifying and proposing action required and/or useful in mitigating existing or prospective levels of risk not in line with the risk objectives defined at corporate level.

#### *Risk Appetite and Risk Appetite Framework*

The Risk Management System adopted by the Group is designed according to enterprise risk management logic, i.e. based on consideration from an integrated point of view 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.

---

<sup>5</sup> UGF (at consolidated level), UnipolSai, Arca Vita and Popolare Vita are currently at pre-application stage for use of the Internal Model to calculate regulatory solvency.

In order to pursue these objectives, the approach adopted considers the need to, at the same time, satisfy the varying demands of the key stakeholders. In particular, the Risk Management System aims to reflect:

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

Based on these principles and in order to pursue the assigned objectives, the Risk Management System is designed around a fundamental element: Risk Appetite.

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

- the objective aimed for is not to eliminate risks but to manage them in such a way as to ensure sustainable, long-term growth;
- the most important components in terms of risk profile in order to guarantee the security and protection of customers, employees and the market are: capital strength, sufficient 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.

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, reputational, emerging and operational risks.

The Risk Appetite is formalised in the Risk Appetite Statement, with different criteria for insurance and banking business in accordance with 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 - the Risk Appetite Framework (RAF). The RAF is defined in strict compliance and prompt reconciliation with the business model, the strategic plan, the own risk and solvency assessment process (ORSA) for insurance business and the internal capital adequacy assessment process (ICAAP) for banking business, the budget, company organisation 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 the operational risk limits);
- Risk Profile.

The activity to define RAF components is dynamic and progressive, 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 preventive control of the Risk Appetite, and capital adequacy in particular, are performed when studying extraordinary transactions (such as mergers, acquisitions and disposals).

The RAF is broken down into several analysis macro areas with the aim of guaranteeing continuous monitoring of risk trends. The main analysis macro areas are: risk type, group, subgroup and individual company.

#### *ORSA and ICAAP*

Under its own Risk Management System, UGF and other companies covered by the current and forward-looking risk assessment policy use the following as tools to assess risk management system effectiveness:

- ORSA for insurance segment companies;
- ICAAP for banking segment companies.

The key objective of the two tools is to support the company in defining its Risk Appetite, in compliance with the objective of safeguarding assets. This evaluation covers at least the overall solvency requirement and takes account of the specific risk profile, in current and forward-looking terms.

For this purpose the Group defines and implements procedures that are commensurate with the nature, scope and complexity of its work and enable it to identify and assess accurately the risks to which the Group or individual company is or could be exposed in the short and long term.

### **6.1 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 managers of the operating structures, or carried out as part of back office activities; as far as possible, they are incorporated in IT procedure. The operating structures are the primary bodies responsible for the risk management process and must ensure compliance with the adopted procedures and compliance with the established risk tolerance level;
- **risk and compliance controls** (so-called “second-level controls”), which aim to ensure, among other things:

- 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 various departments;
- the compliance of company operations with the regulations.

The departments responsible for 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 and adequacy of the Internal Control and Risk Management System (including the first- and second-level controls) and that business operations comply with the System.

## **6.2 Role of the corporate bodies, the company control functions (Audit, Risk Management and Compliance) and the main bodies and parties involved in the Internal Control and Risk Management System**

**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 organisational structure and the assignment of duties and responsibilities to the operating units, ensuring appropriate segregation of functions. With support from the Control and Risks 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.

In accordance with 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 useful in guaranteeing that the administrative body is fully aware of the significant corporate events and that the other parties involved have all the information necessary to perform their own duties.

**Appointed Director:** the Appointed Director, identified as the Chairman of the Board of Directors at the meeting of 27 September 2012, has the following duties and powers:

- a) handles the identification of the main company risks, taking account of the characteristics of the activities carried out by the Company and its subsidiaries, periodically subjecting them to review by the Board of Directors;
- b) implements the guidelines defined 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 system to changes in operating conditions and in legal and regulatory measures;
- d) if necessary, asking the Audit Department to 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 Chief Executive Officer, Chairman of the Control and Risks Committee and Chairman of the Board of Statutory Auditors;

- e) promptly inform the Chief Executive Officer and the Control and Risks Committee (or Board of Directors) of any problems and critical issues that emerge from his own activities or of which he has been informed, in order that the Chief Executive Officer or the Committee (or Board) may take the appropriate action;
- f) formulating proposals to the Board of Directors regarding the appointment or replacement of the Audit, Compliance and Risk Management department managers, as well as their remuneration, in accordance with guidelines identified in their general policies, after duly consulting the Control and Risks Committee and submitting the nominees for the Committee's approval.

**Top Management** (the Chief Executive Officer and key officers reporting to the CEO): supports the System Administrator 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.

**COMPANY CONTROL FUNCTIONS (AUDIT, RISK MANAGEMENT AND COMPLIANCE)**

Pursuant to applicable industry legislation, the Company's organisational structure requires that the Company Control Functions (Audit, Risk Management and Compliance) report directly to the Board of Directors and operate under the coordination of the Appointed Director.

With effect from 19 December 2013, the Risk Management and Compliance Functions report to the Chief Risk Officer Department (in turn reporting to the Board of Directors). This structure makes it possible, by preserving the characteristics of independence and separateness of the individual control functions, and guaranteeing compliance with the principle of segregation of operating from control areas, to further strengthen the integrated monitoring of the risks to which the Group is exposed in the various areas in which it conducts its business, developing synergies between the second-level control functions so that potential overlaps between control areas are avoided.

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 effectiveness.

In the organisational model for the company control functions, designed in the ICS Directives, in addition to conducting their own activities for UGF, the company control departments of the Parent Company are also responsible for guidance and coordination of the corresponding departments established in a number of the operating companies.

The previously mentioned new Policy on Satisfaction of Requirements to Hold Office, approved by the Board of Directors on 10 February 2015, also describes the procedure for assessing these requirements in reference to the Managers of control departments and the Chief Risk Officer.

**Audit**

The Audit Function is responsible for assessing the completeness, function, reliability and adequacy of the Internal Control and Risk Management System in relation to the nature of business activities and the level of risks undertaken, as well as its updating, also through support and advisory activities provided to other company departments.

The Audit Manager, 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 responsible for any business area.

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.

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 2014 plan was approved by the Board of Directors on 20 March 2014 after prior examination by the Control and Risks Committee and after consulting the Board of Statutory Auditors and the Internal Control and Risk Management System Administrator.

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

- process audit (insurance, operational, banking, financial and information technology);
- to the extent of its assigned duties, 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 Risks Committee, the Independent Statutory Auditors, the Board of Statutory Auditors and the Supervisory Body set up according to Legislative Decree 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 senior 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 performed by the subsidiaries on outsourced activities.

At the end of each audit task the related report for Senior Management and to the parties concerned is prepared. If particularly significant or serious situations are found, these are reported promptly to the Board of Directors, the Board of Statutory Auditors, the Control and Risks Committee and the Appointed Director.

Half-yearly reports on activities performed, summarising all audits undertaken, are also prepared for the Board of Directors, Board of Statutory Auditors, Control and Risks Committee and the Appointed Director.

When approving the annual budget, the Board of Directors allocates a part of the budget to the Audit Function, also taking into account the needs indicated by the Department and in the approved Audit Plan.

### **Risk Management**

The Risk Management Function is responsible for ensuring integrated assessment of the various hazards, at group level and supports the Board of Directors, the Appointed and the Top Management in the design and assessment of the effectiveness of the risk management system, 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 how to fix them. The Risk Management Function carries out this activity within the ORSA process for the insurance sector and the ICAAP process for the banking sector, which ensures coordination of the activities of various business structures in relation to risk management.

In the Risk Management System the Risk Management Function is required to identify, measure, evaluate and monitor on an ongoing basis the current and prospective risks at individual and aggregate level to which the company is or might be exposed, as well as their interdependencies. The risk management process as a whole is described in detail in the collection of group policies and in particular in the "Risk Management Policy", in the "Policy for the current and prospective assessment of risks" and the "Policy for the management of operational risk".

The main tasks entrusted to the Function by the current regulations and policies adopted by the Company include:

- a) supporting the Board of Directors in defining the nature and level of risk that is compatible with the Group's strategic objectives and evaluation of the adequacy of the organisational, administrative and accounting structure of the Company, with particular reference to the risk management system;
- b) supporting the Appointed Director in the identification of the main corporate risks, to be submitted to the Board of Directors taking into account the characteristics of the activities carried out;
- c) contributing to the definition of the risk management system. Within this system, the Function is responsible for identification, evaluation (including measuring activity) and control (including *reporting* activities). In these areas the Risk Management Function also deals with the *rating* agencies;

- d) helping to identify and suggest the actions/interventions necessary and/or useful to mitigate the existing or prospective risk levels that are not in line with the risk objectives defined in the Company;
- e) contributing to the definition and measurement of risk tolerance;
- f) contributing to the definition of the operational limits assigned to the operational structures and defining procedures for the timely verification of them;
- g) validating the information flows necessary to ensure the timely control of exposure to risks and the immediate detection of faults found in operation;
- h) providing adequate reporting to the heads of the operational structures of Senior Management and the Board of Directors on the evolution of the exposures and risks to the assets of the Company, as well as their effects on solvency and the breach of risk tolerance and the approved limits;
- i) contributing to performing the regulatory *stress tests*;
- j) verifying the consistency of the models used for the measurement of risks with respect to the operations of the Company;
- k) contributing to defining the methodologies to be used for the valuation of financial assets, in particular with regard to complex assets;
- l) monitoring the implementation of the Risk Management Policy and the general risk profile of the Company as a whole;
- m) participating in the drafting of the ORSA and ICAAP reports;
- n) participating in the design and assessment of the effectiveness of the risk management system, reporting its findings to the Senior Management and the Board of Directors, highlighting any weaknesses and suggesting how to remedy them; in this context the Risk Management Function also uses the ORSA and ICAAP processes;
- o) contributing to defining the assessment methodologies used for the prospective quantitative analysis procedures for the higher-risk investment activities and for risks arising from investments in (i) derivative financial instruments, including structured products; (ii) debt securities arising from securitisation transactions; (iii) non-harmonised UCITS, private funds and hedge funds;
- p) contributing to defining the methodologies, tools and techniques for the independent assessment of credit risk.

## **Compliance**

The Compliance Function supports the Board of Directors, the Appointed Director and the Top Management in the evaluation of the adequacy and effectiveness of the Compliance System <sup>6</sup>through the evaluation of procedures, processes and internal organisation and is responsible for the identification, measuring,

---

<sup>6</sup> In the context of the broader Internal Control System, it identifies the set of organisational rules and measures to guard against non-compliance.

monitoring and *reporting* of 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 Regulators) and self-regulation (e.g. By-Laws, codes of conduct, codes of conduct, internal policies and corporate communication documents).

This risk is widespread at all levels of the organisation; accordingly its proper management is a major topic and deeply connected with day-to-day operations, with particular reference to relations with clients. In particular it is strongly characterized 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;
- the evaluation of the adequacy and effectiveness of the measures taken by the Company for the prevention of the risk of non-compliance, and the proposed organisational and procedural changes designed to ensure adequate supervision of that risk;
- 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 various operational and working phases that can be distinguished as:

- *ex ante* activities, with the aim of assessing the compliance of new products/projects/processes, or business organisation in relation to the entry into force of new regulations. Of particular importance in this activity are the "phases of analysis", "risk assessment" and "identification of adjustments";
- *ex-post* activities, which more specifically relate to the monitoring phase or the assessment of the state of conformity of the business processes with respect to the standards, which is reached through the evaluation of existing facilities and the state of implementation of planned actions.

### **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 €10 million or consortia of companies that have a total registered capital of no less than €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 arranged, most recently at the Board meeting of 9 May 2013, to confirm as Financial Reporting Officer the current Director-General for Administration, Management and Control Operations, Mr Maurizio Castellina, also giving him all the powers and responsibility which are necessary for the fulfilment of the mandate entrusted to him.

The Financial Reporting Officer uses an independent *personnel* structure and is entitled to avail himself of the assistance of any other structure of the Company and its subsidiaries; in particular, the Audit, Compliance and Organisation functions, in cooperation with the supervisory authorities (Regulatory Body and Board of Statutory Auditors) and with the Control and Risk Committee. In addition, he may avail himself of the assistance of the Independent Statutory Auditors contracted for the exchange of information on the system of administrative and accounting control. The Financial Reporting Officer, at least once a year, meets the Board of Statutory Auditors to share the results of the monitoring of the control system.

The Financial Reporting Officer is also empowered to intervene in respect of companies that contribute significantly to the consolidated annual accounts, giving - subject to the independence and prerogatives of those companies - instructions on approach and method for all functions that could significantly affect the administrative and accounting processes relevant to the statements and certificates that he needs to issue.

The Reporting Officer participates, as a guest, in the meetings of the Board of Directors that approve the individual and consolidated annual accounts and other periodic accounting statements.

### **Independent Statutory Auditors**

The Company has engaged PricewaterhouseCoopers S.p.A. as independent auditors. They are responsible for the audit of both the separate and consolidated financial statements, as well as for the limited audit review of the summary half-yearly consolidated financial statements. The aforesaid engagement was conferred, for the year period 2012-2020, by the Shareholders Meeting of 28 April 2011.

### **6.3 Main features of the risk management and internal control systems existing in relation to the financial reporting process, including at the consolidated level**

UGF, in compliance with the Law on Savings in the TUF-Section V-*bis* "Financial Information", 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 recognized and accepted internationally:

- I. *CoSo Framework (Internal Control – Integrated Framework* issued by the *Committee of Sponsoring Organizations of the Tradeway Commission*), widely recognized 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*.

In particular, with reference to the components of the system of internal control of financial reporting required by the *CoSo Report*, the Unipol Group 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 staffed in Unipol 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 Midyear Report of 30 June 2008, procedures for the preparation of annual reports and Interim reports (*Fast Close* calendars), with identification of the persons responsible for the operational 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 reliability, 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 Senior Management has been implemented in order to ensure that all subjects belonging to the structure execute properly the tasks attributed to them. This assessment is formalised as part of the analysis of the "Control Environment" and "Control Activities";
- monitoring: the Unipol Group has implemented a process of periodical monitoring of the long-term reliability of the internal control system.

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

Phase 1 – Definition of the perimeter of analysis: this activity occurs annually, following the approval of the accounts, and is broken down as follows:

- Identification of significant companies: the selection is made either on the basis of quantitative criteria (percentage contribution of the individual company to the consolidated assets and consolidated profit) or by quality, based on the risk profile of the individual 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.

Phase 2 – Evaluation of the Control Environment: annually, the documentation is updated for group-wide and 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 processes of risk assessment;
- draw a picture of the business context in which the Internal Control System functions, thus obtaining useful information to direct the subsequent stages of risk analysis/controls and *tests* in the context of the processes;
- obtain a snapshot of the level of achievement of controls and the internal regulatory framework of the Group Companies, in support of the claims of the Reporting Officer and the Chief Executive Officer;
- determine, if the detection of *ELC* provides a positive framework, offsetting controls to mitigate any shortfalls in the next assessment phase of the process-level controls.

Phase 3 – Risk assessment and design of process-level controls: periodically, in case of any revisions by 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 Phase 1 "Definition of the scope 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;
  - evaluation/presence of 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 improvement points collected on the control in respect of improvements in control design and/or its documentation.

Phase 4 – Check of the actual application of process-level controls: this phase, carried out twice a year, with the annual and half-yearly abbreviated consolidated annual accounts, is designed to monitor the effectiveness of the internal control system, and then assess its reliability.

The *test* of the 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;
- attributing a relative weight to the problems 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 aimed at improving the effectiveness of the control system.

Phase 5 – Claims release process under Art. 154-bis of the TUF: prior to the release of the claims set out in the annex to the annual report and semi-annual report of Unipol, the annual consolidated annual accounts and half-yearly abbreviated consolidated financial Statements of Unipol Group, a report is provided on the internal control system under the Law on Savings, which outlines in detail the characteristics of the control system implemented and the results of the verification and monitoring activities carried out. The Financial Reporting Officer will send this report to the Chairman, the Chief Executive Officer, the Chairman of the Board of Statutory Auditors, the Chairman of the Control and Risk Committee, the Audit Manager and also, for information, the Independent Statutory Auditors.

This Report will be attached to the Report on the *IT Governance* System.

The controls and the methodology of *IT Governance* make it possible to tackle, through a structured model, variable and complex scenarios, providing an overview and ensuring the quality of the services provided. This system, based on the *CoBIT framework*, combines with the internal control model for verifying the adequacy and effective application of internal controls relating to accounting and financial reporting and, more generally, to the Company's *Corporate Governance* System.

The Board of Directors, at its meeting of 19 March 2015, examined the contents of the report with reference to 31 December 2014.

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 Reporting Officer will prepare the certificates laid down in Art. 154-bis of the TUF.

In the case of certificates relating to communications to the market that contain data of accounting relevance,

the Reporting Officer, after a verification process, issues the certificate of correspondence of the data to the results of the books and records.

#### **6.4 The Organisational, Management and Control Model**

The current Organisation, Management and Control Model of the Company was approved on 19 March 2009 ("MOG" or "Model")-at the end of the corporate and functional reorganisation process of the Group undertaken in 2007-to coordinate its provisions with the role assumed by the Company, in continuity with and full protection of the principles and values expressed by the Model itself.

In order to harmonize and ensure the effectiveness and coherence of control and verification activities carried out within the Group and to ensure greater protection from the risk of committing the offences included in Legislative Decree 231/2001 of 8 June 2001 (the "Decree 231"), it has been decided that each Regulatory Body ("OB" or "Body"), established in each Group company, should operate in coordination and maintaining regular contacts with the Body of the Parent Company.

In its model UGF has arranged to identify areas at risk on the basis of the following major categories of offence, under Decree 231:

1. corporate offences;
2. offences against the Public Administration;
3. offences and misdemeanours of abuse of information, market manipulation and insider trading;
4. offences of receiving stolen goods and money laundering and offences for the purposes of terrorism or subversion of the democratic order;
5. computer offences and unlawful processing of data;
6. offences of manslaughter and culpably caused personal injuries related to violations of safety standards and health and safety in the workplace.

Moreover, in the context of the broader alignment project and homogenisation of procedures and business rules within the Unipol Group, after the integration of the *former* FONDIARIA-SAI Group, a review and updating of the model is scheduled, consistent with that adopted in 2014 by the main subsidiary UnipolSai.

The Model is available on the Company's website in the section on Corporate Governance.

In the context of its supervisory activities, the ODV, during 2014, has continued to:

- verify the effectiveness and implementation of the control procedures provided for in the Model;
- conduct business activity surveys for the purposes of updating the mapping of sensitive activities;
- collect, process and store relevant information in order to comply with the Model, and update the list of information to be transmitted or kept at the disposal of the Body;
- carry out targeted audits on certain operations or specific actions by the Company, especially in the context of the sensitive activities;

- coordinate with other functions for the best monitoring of activities in connection with the procedures laid down in the Model;
- activate and carry out internal investigations, from time to time in close cooperation with the departments concerned to acquire additional study elements.

The 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 the results of the interventions made, the planning of activities for the year and any information on matters of common interest.

The existing MOG in Art. 6.4 stipulates that the ODV must consist of five members: (i) three members of the Control and Risk Committee, (ii) the Head of the Department of Law, Holdings and Institutional Relations and (iii) the Head of the Audit Function, who will remain in Office for two years and may be re-elected. The ODV was appointed by the Board of Directors at its meeting on 15 May 2014, during which the Board of Directors confirmed the outgoing members, finding that they met the requirements of the Model and the current legislation. The above composition of ODV was deemed the most efficient and appropriate for the performance of the tasks that Decree 231 reserves for that organ.

The composition of the ODV is shown in Table no. 4.

## 6.5 Sustainability and ethical and social responsibility

In the course of 2008, with the definition of the Charter of the Group's Values the foundations were laid of an activity aimed at giving a stronger, better shared and clearer identity of values to the Group, as part of an important process of reorganisation and integration.

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

1. *accessibility*: in order to promote mutual availability and comparison, thus creating greater organisational effectiveness;
2. *long-termism*: in the sense of encouraging the ability to correctly interpret market signals by anticipating trends, creating continuity in the results and the development of profits in a context of "enhanced" sustainability, that can combine (and at the same time encourage the improvement of) environmental, economic and social requirements to allow the Company to move forward in the long term;
3. *respect*: in the sense of encouraging attention to the needs of all stakeholders, generating quality of service and mutual recognition;
4. *solidarity*: in the sense of encouraging an attitude of collaboration and trust in the rules, generating management efficiency;
5. *responsibility*: this is the engine of professional reliability, which makes it possible to respond to what you do in the times and in the manner laid down by the rules of the sector, market and corporate ethics.

In the course of 2009, with the approval by the Board of Directors of the new Code of Ethics, the introduction of the system of values of the Unipol Group was completed. The new Code of Ethics – available, together with the Charter of Values, on the *website* of the Company [www.unipol.it](http://www.unipol.it) – identifies the principles of business ethics and relevant types of behaviour that whole group, from directors and executives down, must follow in relation to stakeholders, both internal and external.

To ensure that the principles of the Code of Ethics are pursued consistently, instruments for the implementation, monitoring of the Code of Ethics have been introduced, such as:

- the Ethics Committee, composed of the same Directors as are members of the Committee for Sustainability, and
- the Group's Ethics Officer, appointed by the Board of Directors, after hearing the opinion of the Ethics Committee, in the person of Valter Dondi, Head of the Social and Ethical Responsibility Function.

After the establishment of knowledge and awareness of the Code of Ethics was completed in the course of 2012, "*Eticamente*" (Ethically), addressed to all group employees and the agency network, during 2014 the task of extending the system of values of the Group to the Companies of the *former* Fonsai and today falling under UnipolSai Assicurazioni was continued, with the adoption of the Charter of Values and Code of Ethics on the part of the respective Boards of Directors. In particular, in 2014, the Charter of Values and Code of Ethics were also adopted by the foreign companies of the Group. At the same time, preparatory work started to develop the knowledge and dissemination of values and ethical principles of the Group among employees of the companies themselves. In addition, as indicated in the proposals and recommendations contained in the Ethics Report 2013, the upgrade of the Code of Ethics was launched.

## **7. RELATED-PARTY TRANSACTIONS AND INTERESTS OF DIRECTORS**

The Related Parties Adopted by the Board of Directors of the Company on 11 November 2010 under CONSOB Regulation No. 17221 of 12 March 2010 and subsequent changes (the "Regulations"), was amended for the first time on 22 December 2011 and, finally, on 15 May 2014 in the context of the wider process of homogenisation and alignment of procedures and business rules within the Unipol Group resulting from the integration of the *former* Fondiaria-SAI Group.

The updated Related Parties Procedure, on which the Related Party Transactions Committee expressed its favourable opinion, came into force on 1 June 2014 and can be found in the *Corporate Governance* section of the Company's *website* [www.unipol.it](http://www.unipol.it).

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

- a) defines the subjective scope of application of the regulatory framework, identifying the recipients in related-party transactions, direct and indirect, of UGF, to be identified according to the criteria

prescribed by the Regulation, also extending the status of Related Party to certain further subjects than those specified in the list referred to in the international accounting standard IAS 24;

- b) defines the terms of the establishment, training and operation of the Register of Related Parties, as a tool to support all business structures of UGF and its subsidiaries, for proper and timely identification of significant Transactions with Related Party for the purposes of the Procedure in question;
- c) defines the objective scope of application of the regulatory framework, identifying certain types of operations as "Exempt", in relation to which the discipline, both procedural and informational, does not apply, in whole or in part;
- d) defines the investigation and resolution process of the operations and identifies the rules in cases where the Company examines operations carried out by its own subsidiaries, as well as the communication flows within the Group, aimed at ensuring the transparency of operations and compliance with procedural rules;
- e) provides, for the purposes of the Regulation, that the approval of the Transactions with Related Party is subject to a prior opinion with grounds issued by the Related Party Transactions Committee, irrespective, as described above, of the existence of the interest of the Company in the performance of the operations themselves and the appropriateness and correctness of the relevant conditions.

The regime of Transactions is articulated differently, both in terms of procedure and in terms of transparency, relative to the value of such operations, with a distinction between (i) "Major Transactions " Transactions, identified by transposing, without modification, the thresholds laid down in the Regulation and for which more stringent rules apply, and (ii) "Minor Transactions ", benefiting from a less rigorous regime.

The approval of the Major Transactions is vested in the Board after a favourable opinion with grounds of the Related Party Transactions Committee. The Related Parties Procedure also governs the situation in which this Committee has to formulate an opinion against the Transaction.

For the purposes of the identification of Minor Transactions , the Procedure establishes specific materiality thresholds, while as regards the approval process – in the event of a negative opinion by the Related Party Transactions Committee – the allocation of decision-making responsibilities has been allocated to the Board, allocating, in the presence of a favourable opinion of this Committee, the competence to the responsible Corporate Function based on delegations of powers.

With regard to Operations carried out by the Subsidiaries, taking into account the presence of two listed companies in the participatory group of the Unipol chain, each of which is bound to the observance of these rules, with the aim of avoiding, wherever possible, duplication of procedure, the operation of the respective subsidiaries of UGF and UnipolSai has been governed in a coordinated manner.

The Related Parts 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 are not applicable, by an independent expert appointed by the Board of Directors.

## 8. INTERNAL DEALING

The Company has adopted a procedure for the disclosure of transactions concerning its shares or other financial instruments linked to them (the "*Internal Dealing Procedure*").

The *Internal Dealing Procedure* – which defines the rules for the fulfilment by the agents of UGF for the purposes of this procedure and the information obligations to CONSOB and to the market on purchase, sale, subscription or exchange involving UGF, shares or financial instruments linked to shares in UGF carried out by such persons even vicariously – implements the directions contained in Art. 114 seventh paragraph of the TUF and 152-sexies ff. of the issuers' regulations. It ensures proper transparency and uniformity of information on transactions by persons (the so-called "relevant persons", as defined and identified therein) that participate in decision-making processes and have a significant understanding of the corporate strategies, as a result of work carried out within the Company or a main Subsidiary (as defined and identified therein), or in their capacity as shareholders with a significant stake in UGF or the control holding of UGF itself.

The *Internal Dealing Procedure* – which is intended to block the possession by the relevant persons of privileged information and its possible misuse (a case that constitutes the offence of so-called *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 *Internal Dealing Procedure*, taking into account the changes in the corporate structure of the Unipol Group, was finally submitted to the review of the Board of Directors on 13 February 2014 in order to:

- identify UnipolSai as the "Main Subsidiary" of UGF, according to the definition set out in article 1.2 of the <sup>7</sup>*Internal Dealing Procedure*, and consequently
- rephrase the definition of "relevant persons" referred to in Art. 1.1 of the <sup>8</sup>*Internal Dealing Procedure*, in order to cover, with reference to UnipolSai, the members of the administrative and control organs, the CEO (if present) and the other executives with strategic responsibilities, identified on the basis of organisational roles and responsibilities, of the Department of Human Resources and Organisation of UGF that submits the list of them to the Chairman and Chief Executive Officer for approval.

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

---

<sup>7</sup> "Main Subsidiary" means a subsidiary held, directly or indirectly, by UGF S.p.A., if the book value of the equity investment in this subsidiary represents more than 50% of the assets of UGF S.p.A., as resulting from the last approved accounts, i.e. on the date of entry into force of this procedure.

<sup>8</sup> "Relevant Persons" means: a) the Non-Executive Directors, the Managing Director and General Manager, as well as the Supervisory Board of UGF; b) with reference to UnipolSai, as the Main Subsidiary, the members of the administrative and control organs; c) other managers with strategic responsibilities of UGF and UnipolSai (other than those referred to in paragraphs a) and b) above) identified on the basis of organisational roles and respective responsibilities; d) any other person who has a holding, calculated in accordance with Art. 118 of the issuer regulations, of at least 10 per cent of the share capital of UGF, which is represented by shares with voting rights; as well as e) any other entity which controls UGF.



- (i) the criteria for the identification of Managers of the Company, acting as executives who have regular access to privileged information and have the power to take management decisions that can affect the evolution and future prospects of the Company, are qualified by the latter as "Relevant Persons" and, accordingly, required to carry out the communication provided for by Art. 114 seventh paragraph of the TUF;
- (ii) the arrangements for the implementation, on the part of the Relevant Persons, of communication to CONSOB and to the Company of the major operations, in accordance with the provisions of Art. 152-*octies*, first and second subparagraphs, of the Issuer Regulations;
- (iii) the regulation of conditions for the provision by the Relevant Persons referred to in letter. (c. 1), (c. 2) and (c. 3) of Art. 152-*sexies* of the Issuer Regulations (the members of the administrative and control organs who perform functions of direction and the executives identified as Relevant Persons of the Company and its Main Subsidiaries) 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 accordance with the provisions of Art. 152-*octies*, sixth paragraph, of the Issuer Regulations.

The *Internal Dealing* Procedure, in order to ensure conditions which enable the Company to carry out with timeliness and correctness of the information obligations as mentioned above, provides, by way of derogation from the above provisions, that the Relevant Persons who have entrusted the task referred to in point (iii) above must undertake to communicate to the appropriate unit of the Company all major operations, of any amount, even less than the amount required by the relevant standards, carried out by themselves or by persons closely related to them, within 3 open market days starting from the date of their performance.

In order to prevent potential conflicts of interest and to protect the Company and the Group, the Relevant Persons are forbidden to carry out operations on securities issued by UGF and its subsidiaries listed 7 days before the meetings of the Boards of Directors of the Company or of the Main Subsidiaries called for the examination and approval of the accounting, preliminary and forecasting data (so-called *blocking period*).

Finally, the *Internal Dealing* Procedure provides that, in view of the fact that UnipolSai (identified as the Main Subsidiary) is itself a listed issuer, any communication to the market, and any action under the Procedure itself, will be subject to coordination between UGF and UnipolSai itself, in order to avoid duplication whenever the formalities and notices relate to Persons classified as Relevant in both UGF and UnipolSai.

The procedure can be found in the *Corporate Governance* section of the Company's website [www.unipol.it](http://www.unipol.it).

## 9. PROCESSING OF PRIVILEGED INFORMATION

The Company's Board of Directors, in view of the relevance of the communication processes to the market, has long adopted the "guidelines" and the "procedure for the management and communication of privileged information", most recently revised on 27 September 2012, in order to adapt the guidelines and procedure to the amendments introduced by CONSOB resolution 18214 of 9 May 2012.

On 6 August 2014 a revision was required of the Procedure, in the context of the broader process of

alignment and homogenization of procedures and business rules within the Unipol Group, started after the integration with the *former* Fondiaria-SAI Group. The Procedure, which entered into force from 1 December 2014, annulled and replaced the internal regulations on the subject.

The above Procedure regulates:

1. the "Management of Privileged Information" by defining:
  - policies, roles and liabilities;
  - management conditions and the maintenance of the register of persons who, for reasons of work or profession or the functions discharged, can have access, on a permanent or occasional basis, to Privileged Information (the "Register");
  - measures to ensure the traceability of Privileged Information;
  - internal circulation conditions for Privileged Information and rules on protection of privacy;
2. the "Disclosure of Privileged Information" by establishing procedures, roles and liabilities related to it:
  - the public disclosure of Privileged Information, under Art. 114 of the TUF;
  - the communication to the public of schedules and forecast data;
  - relations with the financial community and the media;
3. behavioral rules for Subsidiaries in implementation of the provisions of the Company, aimed at ensuring the proper performance of the above-mentioned communication obligations by the latter.

Given that, in accordance with Art. 115 *bis* of the TUF, the duty to establish and keep up to date a register, in addition to listed issuers, also applies to those controlled by them, as well as persons acting on their behalf or for their account, on the assumption that not all of the Subsidiaries, without distinction, can, in the course of ordinary activities, generate events or complexes of circumstances directly likely to influence the price of listed securities of the parent company, it was considered appropriate-taking into account the *best practice* found – to restrict the scope of the Subsidiaries subject to the obligation to register exclusively to the relevant Subsidiaries, identified through the application of criteria of materiality of a quantitative and qualitative nature. All other companies directly and indirectly controlled by UGF are in any case required to ensure compliance with of it and, accordingly, the procedural rules relating to the registration in the commercial Company Register if the Privileged Information is created within them.

In line with best practice, in order to pursue a rigorous priority for the protection purposes of the legislation in question, the Procedure regards the information, even in its early stages, as "potentially privileged".

## 10. THE BOARD OF STATUTORY AUDITORS

Number of meetings held during the Financial year: 23

Average length of meetings: 1 hour and 43 minutes

Average participation: 97%

Number of meetings already held in 2015: 5.

Average participation of the Board of Statutory Auditors at Control and Risk Committee meetings: the members of the Board of Statutory Auditors attended all meetings of the Control and Risk Committee (with the exception of one meeting, in which a member was absent).

### **10.1 Role and Responsibilities**

Under Legislative Decree No. 39 of 27 January 2010, on the statutory audit of annual accounts and consolidated accounts, which, as noted, has profoundly changed the regime supervisory functions of the control body of public-interest entities, the Board of Statutory Auditors of the Company, in addition to the tasks of supervision of compliance with the law and the By-Laws and observance of the principles of correct administration, is now also responsible for overseeing:

- a) the adequacy and the specific functioning of the organisational, administrative and accounting procedures;
- b) the financial reporting process;
- c) the effectiveness of the system of internal control, internal audit and risk management;
- d) the statutory audits and formulating to the General Meeting motivated proposals regarding the appointment of the statutory audit firm;
- e) the independence of the statutory auditors, in particular as regards the provision of non-audit services for the Company.

### **10.2 Appointment**

By law and the By-Laws, the appointment of the Board of Statutory Auditors takes place on the basis of lists presented by shareholders who on presentation of them are entitled to vote in its deliberations and discussions.

The lists, composed of two sections, one for candidates for full member (maximum three people), one for candidates for Deputy member (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 to or greater than three must ensure compliance with the gender proportion laid down by the laws and regulations in force (mandatory legislative provisions introduced by law No. 120 of 12 July 2011 Articles 147-*ter*, par. 1-*ter* and 148 paragraph 1-*bis* of the TUF and CONSOB Resolution 18098 in Art. 144-*undecies* of the Issuer Regulations concerning equal access to administrative and supervision bodies of companies listed on regulated markets).

The right to submit the lists is vested in Shareholders who, alone or together with other Shareholders, are overall holders of a holding identified in accordance with what was established by the provision of law or regulation in force in relation to the election of members of the Board of Directors of the Company: at the

date of this report, this quota determined by CONSOB, most recently by resolution No. 19109 dated 28 January 2015, is equal to 1% of the 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 of cumulation of positions established by the 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 full members and one deputy member are taken;
2. the remaining full member and the remaining deputy member 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 full member elected from the minority list, the deputy 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 who came 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 article 36 of the Legislative Decree of 6 December 2011 No. 201 (converted into the Law of 22 December 2011 No. 214), 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 Supervisory Board members, given that UGF controls companies in the credit, financial and insurance markets.

### **10.3 Composition and functioning**

The Shareholders Meeting of 30 April 2013, on the basis of the only list presented by Finsoe, appointed the Board of Statutory Auditors of the Company currently in office, composed of three full members and two

deputies, with a mandate for three years and, accordingly, up to the Meeting to approve the annual accounts for the year 2015.

The composition of the Board of Statutory Auditors is shown in Table 5. With reference to the CV of the full members of the Body it is reported that the required documentation is published on the Company's *website* [www.unipol.it](http://www.unipol.it).

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 Board of Statutory Auditors, on the occasion of the meeting of 14 January 2014, proceeded to the self-assessment of its composition and verification of the satisfaction by its members of the independence requirements provided for by the Code of Conduct for Directors, determining the suitability of its composition and the satisfaction of the above requirements on the part of its members.

The evaluation of the continue satisfaction of the independence requirements on the part of the members was performed in the Board meeting of 15 May 2014, which found that the members of the monitoring body met the independence requirements provided for by art. 148 third paragraph of the TUF, in accordance with the provisions of Art. 144-*novies* of the Issuer Regulations, as amended by CONSOB resolution No. 17326 of 13 May 2010.

The current By-Laws do not stipulate any limits to the cumulation of positions beyond those provided for by Art. 144- *terdecies* of the Issuer Regulations.

The Board of Statutory Auditors will meet 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. During 2014 no situations have occurred in relation to which the members of the Supervisory Board have had to make such statements.

The members participated in the meetings of the Board of Directors, held in 2014, with an average attendance of 100%.

The Board of Statutory Auditors has monitored the independence of the external statutory auditors, in particular as regards the provision of services other than statutory audit services to the Company and its Subsidiaries by the same audit firm 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 operations 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.

## 11. THE SHAREHOLDERS MEETING

### 11.1 Ordinary and extraordinary Shareholders Meeting

The Shareholders Meeting, duly established, is the body that expresses the will of the Company through its resolutions; the resolutions taken by it in accordance with the law and the By-Laws are binding on all members, including those who are absent or dissenting.

The Board of Directors considers the meeting, despite a broad diversification of modes of communication with Shareholders, an important moment for a fruitful dialogue between Directors and Shareholders, subject to the regime on so-called *price sensitive* information.

For the purposes of the By-Laws, as permitted by law, the General 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 that in the notice of meeting requests after the first may be scheduled, in accordance with the provisions of Art. 2369, first paragraph, of the Italian Civil Code.

The Shareholders Meeting is chaired by the Chairman of the Board of Directors, or in his absence, by the Vice-chairman, or, in his absence, by a Director, or, 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 right of intervention and voting is exercised by means of remote communication, including electronic, provided that the necessary requirements are met for the identification of qualified persons and for the security of communications. The notice of convocation must in that case specify, by reference to the Company's *website*, the terms of participation in the Meeting.

During the Meeting each person entitled to vote may speak on each of the topics under discussion, make observations and formulate proposals. Those wishing to speak must apply to the Chairman and the latter regulates the admission to the debate for those who have asked, according to the chronological order of reservation, i.e., according to the alphabetical order of the surnames of the applicants, in the case of multiple simultaneous applications.

The Company identifies 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 and the procedures and time limits for the conferral of powers are set out in the notice of convening the Meeting.

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

At Shareholders Meetings the constant presence of members of the Board of Directors is required.

The Regulation of the Shareholders' Meeting, approved by the Shareholders and available on the *website* ([www.unipol.it](http://www.unipol.it) in the section Corporate Governance/Shareholders Meetings), govern its operation, unless it adopts different conditions from time to time.

## 11.2 Special Meeting of Preference Shareholders

The existing articles stipulate special rules for the definition:

- (i) of the terms for ensuring the joint Representative of the holders of preference shares (the "Representative") adequate information on the corporate operations that might influence the trend of prices of those shares, according to Art. 147, fourth subparagraph, of the TUF, by invoking the application of obligations for disclosure to the market (art. 6 "Shares", third paragraph, of the By-Laws);
- (ii) of the target, for organisational simplification, of a maximum annual amount equal to €30,000.00 to cover the expenses necessary for the protection of the common interests of the holders of preference shares for which the Special Meeting has resolved, in accordance with the law, on the relevant provision (Art. 6 "Shares", second paragraph, of the By-Laws).

On 30 April 2014 the Special Meeting of Preference Shareholders appointed the common Representative for 2014, 2015 and 2016 in the person of Prof Massimo Franzoni.

He was also granted a gross annual remuneration of €35,000, in addition to the reimbursement of costs incurred for the performance of the mandate.

On the occasion of this Full Meeting, the Special Meeting of Preference Shareholders was also called to approve the Accounts relating to the provision set up for the expenses necessary for the protection of common interests and those of the Preference Shareholders.

## 12. RELATIONS WITH SHAREHOLDERS

The Company traditionally reserves special attention to relations with its Shareholders, maintaining a constant dialogue with the market, in accordance with the laws and rules applicable in that regard, while ensuring the prompt availability on the *website* ([www.unipol.it](http://www.unipol.it)), in the section *Investor Relations* and *Corporate Governance*, of press releases, financial and corporate documents and presentations made to the financial community; this is intended to allow Shareholders and the market to have adequate and explanatory information.

As regards relations with the media, the Company facilitates the participation in Meetings of journalists and experts.

Relations with investors and financial analysts are managed by the officer responsible for "*Investor Relations*" Mr Adriano Donati, within the Department strategic planning and Investor Relations; (Tel +39 051 5077933 – e-mail: [investor.relations@unipol.it](mailto:investor.relations@unipol.it) or [investor.relations@unipolsai.it](mailto:investor.relations@unipolsai.it) or on the Company *website* in the "Investor Relations" section under the heading "Contact IR").

Bologna, 19 March 2015

The Board of Directors

TABLE No. 1 – Board of Directors

Name	Office held	Date of birth	Date of first appointment	In office since	In office until	M/m List <sup>(1)</sup>	Exec.	Non-Exec.	Independ. as per Code <sup>(2)</sup>	Independ. as per TUF <sup>(3)</sup>	% BoD <sup>(4)</sup>	Number of BoD meetings attended	Other assignments <sup>(5)</sup>
Pierluigi Stefanini	Chairman	28/06/1953	27/01/2001	30/04/2013	31/12/2015	M	x				100%	12/12	4
Giovanni Antonelli	Vice-Chairman	04/05/1957	30/04/2013	30/04/2013	31/12/2015	M		x	(a)		100%	12/12	2
Carlo Cimbri	Chief Executive Officer	31/05/1965	29/04/2010	30/04/2013	31/12/2015	M	x				100%	12/12	2
Giovanni Battista Baratta	Director	18/06/1955	30/04/2013	30/04/2013	31/12/2015	M		x	x	x	100%	12/12	0
Francesco Berardini	Director	11/07/1947	25/06/2009	30/04/2013	31/12/2015	M		x	(a)		100%	12/12	5
Paolo Cattabiani	Director	11/07/1958	20/03/2014	20/03/2014	31/12/2015	(*)		x	(a)		71%	5/7	4
Piero Collina	Director	24/02/1946	12/06/1998	30/04/2013	31/12/2015	M		x			83%	10/12	2
Sergio Costalli	Director	08/03/1952	24/04/2007	30/04/2013	31/12/2015	M		x	(a)		100%	12/12	3
Ernesto Dalle Rive	Director	02/12/1960	29/04/2010	30/04/2013	31/12/2015	M		x	(a)		83%	10/12	4
Guido Galardi	Director	13/01/1950	30/04/2013	30/04/2013	31/12/2015	M		x	x	x	100%	12/12	2
Giuseppina Gualtieri	Director	26/05/1957	30/04/2013	30/04/2013	31/12/2015	M		x	x	x	100%	12/12	1
Claudio Levorato	Director	15/02/1949	23/06/1995	30/04/2013	31/12/2015	M		x	(a)		50%	6/12	3
Ivan Malavasi	Director	21/09/1948	29/04/2004	30/04/2013	31/12/2015	M		x		x	92%	11/12	0
Paola Manes	Director	09/07/1972	30/04/2013	30/04/2013	31/12/2015	M		x	x	x	100%	12/12	0
Pier Luigi Morara	Director	28/02/1955	03/05/2006	30/04/2013	31/12/2015	M		x	x	x	100%	12/12	0





Milo Pacchioni	Director	04/11/1950	24/02/2006	30/04/2013	31/12/2015	M	x	(a)		92%	11/12	5
Elisabetta Righini	Director	25/03/1961	30/04/2013	30/04/2013	31/12/2015	M	x	x	x	100%	12/12	0
Francesco Saporito	Director	24/10/1959	30/04/2013	30/04/2013	31/12/2015	M	x			100%	12/12	1
Adriano Turrini	Director	15/11/1956	30/06/2011	30/04/2013	31/12/2015	M	x	(a)		83%	10/12	3
Marco Venturi	Director	04/11/1947	31/01/1992	30/04/2013	31/12/2015	M	x		x	67%	8/12	0
Rossana Zambelli	Director	05/11/1958	30/04/2013	30/04/2013	31/12/2015	M	x	x	x	83%	10/12	1
Carlo Zini	Director	04/06/1955	13/11/2014	13/11/2014	31/12/2015	(**)	x	(a)		50%	1/2	4
Mario Zucchelli	Director	23/01/1946	27/04/2001	30/04/2013	31/12/2015	M	x	(a)		92%	11/12	4

#### Directors whose office ended during the financial period:

Name	Office held	Date of birth	Date of first appointment	In office since	In office until	M/m List <sup>(1)</sup>	Exec.	Non-Exec.	Independ. as per Code <sup>(2)</sup>	Independ. as per TUF <sup>(3)</sup>	% BoD <sup>(4)</sup>	Number of BoD meetings attended
Vanes Galanti	Director	15/11/1949	23/06/1995	30/04/2013	13/11/2014	M		x	(a)		80%	10/12
Marco Pedroni	Director	14/02/1959	29/04/2004	30/04/2013	20/03/2014	M		x	(a)		40%	2/5
Hilde Vernailen	Director	23/06/1967	30/04/2013	30/04/2013	18/12/2014	M		x	x	x	8%	1/12

#### Directors appointed subsequently to the end of the financial period:

Name	Office held	Date of birth	Date of first appointment	In office since	In office until	M/m List <sup>(1)</sup>	Exec.	Non-Exec.	Independ. as per Code <sup>(2)</sup>	Independ. as per TUF <sup>(3)</sup>	% BoD <sup>(4)</sup>	Number of the BoD meetings attended	Other assignments <sup>(5)</sup>
Maria Antonietta Pasquariello	Director	29/08/1954	10/02/2015	10/02/2015	31/12/2015	(***)		x	x	x	--		1

**Directors whose office ended after the end of the financial period:**

Name	Office held	Date of birth	Date of first appointment	In office since	In office until	M/m List <sup>(1)</sup>	Exec.	Non-Exec.	Independ. as per Code <sup>(2)</sup>	Independ. as per TUF <sup>(3)</sup>	% BoD <sup>(4)</sup>	Number of the BoD meetings attended	Other assignments <sup>(5)</sup>
Rocco Carannante (****)	Director	31/03/1941	10/11/2000	30/04/2013	25/02/2015	M		x		x	92%	11/12	1

<sup>(1)</sup> 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 Directors, only one list was submitted by the majority shareholder of Finsoe S.p.A.

For the Directors who were co-opted by the Board of Directors during the period or subsequently to the end of the period, see the following:

<sup>(\*)</sup> Director co-opted by the Board of Directors on 20/03/2014 and confirmed by the Shareholders' Meeting of 30 April 2014

<sup>(\*)</sup> Director co-opted by the Board of Directors on 13/11/2014 and confirmed by the Shareholders' Meeting of 25 February 2015

<sup>(\*\*\*)</sup> Director co-opted by the Board of Directors on 10/02/2015 and confirmed by the Shareholders' Meeting of 25 February 2015

<sup>(\*\*\*\*)</sup> not replaced yet as at the date of this Report

<sup>(2)</sup> 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 Governance Code.

<sup>(3)</sup> Indicates if the Director meets the requirements of independence established by Art. 148, paragraph 3, of the TUF.

<sup>(4)</sup> Indicates the attendance, in percentage, of the Director to 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).

<sup>(5)</sup> 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.

<sup>(a)</sup> Director prima facie excluded from any independence assessment – aside from the requirements set forth in the Corporate Governance Code – since he/she holds offices in the corporate bodies of the directly controlling Parent Company, Finsoe S.p.A. (see Paragraph 3.4 Section II).

TABLE N. 2 – List of relevant offices held by the Directors

As regards the provisions set forth in the Corporate Governance Code, 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 UGF	Offices held in other companies
Pierluigi Stefanini	Chairman	Director of Finsoe S.p.A. Vice-Chairman of UnipolSai Assicurazioni S.p.A. (*) Director of Unipol Banca S.p.A. (*) Member of the Supervisory Board of Manutencoop Facility Management S.p.A.
Giovanni Antonelli	Vice-Chairman	Vice-Chairman of Finsoe S.p.A. Director of Cefla Capital Services S.p.A.
Carlo Cimbri	Chief Executive Officer	Chief Executive Officer of UnipolSai Assicurazioni S.p.A. (*) Director of Unipol Banca S.p.A. (*)
Giovanni Battista Baratta	Director	--

Francesco Berardini	Director	Director of Finsoe S.p.A. Director of UnipolSai Assicurazioni S.p.A. <sup>(*)</sup> Director of Coop Consorzio Nord Ovest S.c a r.l. Chairman of Coop Liguria Società Cooperativa di Consumo Vice-Chairman of SIAT Società Italiana Assicurazioni e Riassicurazioni S.p.A. <sup>(*)</sup>
Paolo Cattabiani	Director	Director of Finsoe S.p.A. Director of Centrale Adriatica Soc. Coop. Chairman of Coop Consumatori NordEst Soc. Coop. Director of UnipolSai Assicurazioni S.p.A. <sup>(*)</sup>
Piero Collina	Director	Director of Finsoe S.p.A. Chairman of CCC Soc. Coop.
Sergio Costalli	Director	Director of Finsoe S.p.A. Vice-Chairman of Unipol Banca S.p.A. <sup>(*)</sup> Vice-Chairman of Immobiliare Grande Distribuzione S.p.A.
Ernesto Dalle Rive	Director	Director of Finsoe S.p.A. Director of UnipolSai Assicurazioni S.p.A. <sup>(*)</sup> Chairman, CEO and General Manager of Nova Coop Soc. Coop. Director of Coop Consorzio Nord Ovest S.c a r.l.
Guido Galardi	Director	Chairman of Coop Lombardia Soc. Coop. Director of Coop Consorzio Nord Ovest Soc. Coop.
Giuseppina Gualtieri	Director	Chairman of TPER S.p.A.

Claudio  
Levorato

Director

Director of Finsoe S.p.A.  
Chairman of Manutencoop Soc. Coop.  
Chairman and CEO of Consiglio di Gestione Manutencoop Facility Management S.p.A.

Ivan

Director

--

Malavasi

Paola  
Manes

Director

--

Pier Luigi  
Morara

Director

--

Milo  
Pacchioni

Director

Vice-Chairman and CEO of Finsoe S.p.A.  
Director of Grandi Salumifici Italiani S.p.A.  
Chairman and CEO of Assicoop Modena & Ferrara S.p.A.  
Director of Assicoop Emilia Nord S.r.l.  
Director of Assicoop Romagna Futura S.r.l.

Maria Antonietta  
Pasquariello

Director

Chairman of CAMST S.c. a r.l.

Elisabetta  
Righini

Director

--

Francesco  
Saporito

Director

Chairman of Assieme 2008 S.r.l.

Adriano  
Turrini

Director

Chairman and CEO of Finsoe S.p.A.  
Director of Centrale Adriatica Soc. Coop.  
Chairman of Coop Adriatica S.c.r.l.

Marco  
Venturi

Director

--

Rossana  
Zambelli

Director

Director of Unipol Banca S.p.A. <sup>(\*)</sup>

Carlo  
Zini

Director

Director of Finsoe S.p.A.  
Chairman of CCC Soc. Coop.  
Chairman and CEO of C.M.B. Soc. Coop.  
Director of Unipol Banca S.p.A. <sup>(\*)</sup>

Mario  
Zucchelli

Director

Director of Finsoe S.p.A.  
Director of UnipolSai Assicurazioni S.p.A. <sup>(\*)</sup>  
Chairman of Coop Estense Soc. Coop.  
Director of Centrale Adriatica Soc. Coop.

TABLE N. 3 –Board Committees

	Members	Office held		% Holding	Number of meetings attended	
	Pierluigi Stefanini	Chairman		100%	6/6	
	Giovanni Antonelli	Member		100%	6/6	
	Francesco Berardini	Member		100%	6/6	
<b>CHAIRMAN'S COMMITTEE</b>	Paolo Cattabiani <sup>(*)</sup>	Member		100%	6/6	
	Carlo Cimbri	Member		100%	6/6	
	Sergio Costalli	Member		100%	6/6	
	Ernesto Dalle Rive	Member		100%	6/6	
	Claudio Levorato	Member		50%	3/6	
	Milo Pacchioni	Member		100%	6/6	
	Adriano Turrini	Member		67%	4/6	
	Mario Zucchelli	Member		100%	6/6	
		Members	Office held	Independent	% Holding	Number of meetings attended
	<b>NOMINATION AND CORPORATE GOVERNANCE COMMITTEE</b>	Pier Luigi Morara	Chairman	x	100%	6/6

	Giovanni Battista Baratta	Member	x	100%	6/6
	<b>Members</b>	<b>Office held</b>	<b>Independent</b>	<b>% Holding</b>	<b>Number of meetings attended</b>
<b>REMUNERATION COMMITTEE</b>	Pier Luigi Morara	Chairman	x	100%	2/2
	Ivan Malavasi	Member		100%	2/2
	<b>Members</b>	<b>Office held</b>	<b>Independent</b>	<b>% Holding</b>	<b>Number of meetings attended</b>
<b>CONTROL AND RISK COMMITTEE</b>	Rossana Zambelli	Chairman	x	100%	9/9
	Paola Manes	Member	x	100%	9/9
	Elisabetta Righini	Member	x	100%	9/9
	<b>Members</b>	<b>Office held</b>	<b>Independent</b>	<b>% Holding</b>	<b>Number of meetings attended</b>
<b>SUSTAINABILITY COMMITTEE/ ETHICS COMMITTEE</b>	Giuseppina Gualtieri	Chairman	x	100%	4/4
	Guido Galardi	Member	x	100%	4/4
	Elisabetta Righini	Member	x	100%	4/4
	Marco Giuseppe Venturi	Member	(a)	75%	3/4



	Members	Office held	Independent	% Holding	Number of meetings attended
<b>RELATED PARTIES</b>	Pier Luigi Morara	Chairman	x	100%	3/3
<b>TRANSACTIONS COMMITTEE</b>	Giuseppina Gualtieri	Member	x	100%	3/3
	Rossana Zambelli	Member	x	67%	2/3

(\*) appointed on 20 March 2014

**Members of the committees whose office ended during the financial period:**

	Members	Office held		% Holding	Number of meetings attended
<b>CHAIRMAN'S COMMITTEE</b>	Marco Pedroni	Member		0	0/2

	Members	Office held	Independent	% Holding	Number of meetings attended
<b>REMUNERATION COMMITTEE</b>	Hilde Vernailen (*)	Member	x	0	0/2

	Members	Office held	Independent	% Holding	Number of meetings attended
<b>RELATED PARTIES TRANSACTIONS COMMITTEE</b>	Hilde Vernailen (*)	Member	x	0	0/2

**Members of the committees whose office ended after the end of the financial period:**

	Members	Office held	Independent	% Holding	Number of meetings attended
<b>NOMINATION AND CORPORATE GOVERNANCE COMMITTEE</b>	Rocco Carannante (*)	Member		83%	5/6

(\*) Directors not yet replaced as at the date of this Report

TABLE N. 4 – **Supervisory Board**

	<b>Members</b>	<b>Office held</b>	<b>% Holding</b>
	Rossana Zambelli	Chairman	100%
	Andrea Alessandri	Member	100%
<b>SUPERVISORY BODY</b>	Roberto Giay	Member	100%
	Paola Manes	Member	100%
	Elisabetta Righini	Member	100%

TABLE N. 5 – Board of Statutory Auditors

Name	Office held	Date of birth	Date of first appointment	In office since	In office until	M/m List <sup>(1)</sup>	Independ. as per Code	% Shareholders' Meeting <sup>(2)</sup>	% BoD <sup>(3)</sup>	Number of BoD meetings attended	% Board of S.A. <sup>(4)</sup>	Number of Board of S.A. meetings attended	Other assignments <sup>(5)</sup>
Roberto Chiusoli	Chairman	15/09/1964	24/04/2007	30/04/2013	31/12/2015	M	x	100%	100%	12/12	100%	23/23	10
Silvia Bocci	Standing Auditor	28/04/1967	30/04/2013	30/04/2013	31/12/2015	M	x	100%	100%	12/12	100%	23/23	8
Domenico Livio Trombone	Standing Auditor	31/08/1960	24/04/2007	30/04/2013	31/12/2015	M	x	100%	100%	12/12	91%	21/23	18

<sup>(1)</sup> 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, only one list was submitted by the majority shareholder of Finsoe S.p.A.

<sup>(2)</sup> Indicates the attendance, in percentage, by the Statutory Auditor to the Shareholders' Meetings (in calculating this percentage, the number of meetings attended by the Statutory Auditor compared with the number of meetings held by the Shareholders, during the financial period or after accepting the assignment).

<sup>(3)</sup> Indicates the attendance, in percentage, by the Statutory Auditor to the meetings of the Board of Directors (in calculating this percentage, the number of meetings attended by the Statutory Auditor compared with the number of meetings held by the Board during the financial period or after accepting the assignment).

<sup>(4)</sup> Indicates the attendance, in percentage, by the Statutory Auditor to the meetings of the Board of Statutory Auditors (in calculating this percentage, the number of meetings attended by the Statutory Auditor compared with the number of meetings held by the Board during the financial period of after accepting the assignment).

<sup>(5)</sup> Indicates the attendance, in percentage, by the Statutory Auditor to the meetings of the Board of Statutory Auditors (in calculating this percentage, the number of meetings attended by the Statutory Auditor compared with the number of meetings held by the Board during the financial period of after accepting the assignment).

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 website: [www.unipol.it](http://www.unipol.it) Section: Corporate Governance/Boards and Officials/Statutory Auditor.

**Unipol Gruppo Finanziario S.p.A.**

Registered office  
Via Stalingrado, 45  
40128 Bologna (Italy)  
Tel.: +39 051 5076111  
Fax: +39 051 5076666

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

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

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

[www.unipol.it](http://www.unipol.it)



[www.unipol.it](http://www.unipol.it)

**Unipol Gruppo Finanziario S.p.A.**  
Registered office  
Via Stalingrado, 45  
40128 Bologna (Italy)