Unipol GRUPPO

2021

Solvency and Financial Condition Report

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Unipol Group

Solvency and Financial Condition Report

2021

Translation from the Italian original solely for the convenience of international readers

CONTENTS

Introduction

This "Solvency and Financial Condition Report" was prepared in application:

- of the provisions on disclosure to the public set forth in Articles 290-303 of Title I, Ch. XII, and Articles 359-364 of Delegated regulation EU No. 35/2015 ("Regulation"), supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance ("Directive");

- of the implementing Regulation (EU) 2015/2452, 2 December 2015, laying down implementing technical standards with regard to the procedures, formats and templates of the solvency and financial condition report in accordance with the Directive;

- of IVASS Regulation No. 33, 6 December 2016, concerning the disclosure to the public and IVASS, carrying provisions integrating the contents of the "Solvency and Financial Condition Report" and the regular report to IVASS ("Regular Supervisory Report"), ("Regulation 33");

- of IVASS Letter to the Market Prot. No. 0093309/18 of 28 March 2018 concerning the "Results of comparative analyses on solvency and financial condition reports (SFCR)";

- of IVASS Regulation No. 46 of 17 November 2020 containing provisions on the transparency of the commitment policy and the elements of the equity investment strategy of insurance or reinsurance companies ("Regulation 46").

Unless otherwise specified, data are expressed in thousands of euros.

Definitions and glossary

The meaning of the main acronyms and expressions used in this document is summarised below.

Term	Meaning
Capital adequacy	Observance by the company/Group of regulatory solvency capital requirements.
BEL	"Best estimate of liabilities" deriving from insurance contracts.
CAP	Private Insurance Code (Legislative Decree No. 209 of 7 September 2005, as amended).
Capital at Risk	Total capital requirement relating to a specific risk that the company/Group deems necessary to cover losses exceeding a given expected level.
EIOPA	European supervisory authority for occupational pensions and insurance.
Key Functions	The Audit Function, the Chief Risk Officer, the Compliance and Anti-Money Laundering Function, as part of compliance activities, and the Actuarial Function.
LoB	Line of Business of insurance activities as defined in annex I of the Regulation.
Market Consistent Balance Sheet (or also "MCBS")	MCBS to be drafted on the basis of the appropriate criteria specified by the Solvency II provisions that are based on the concept of fair value.
MCR	Minimum Capital Requirement as defined by Title I - chapter VII of the Regulation. It corresponds to the amount of eligible own funds below which policyholders and beneficiaries would be exposed to an unacceptable level of risk if the insurance companies were allowed to continue their activities.
PIM	Partial Internal Model used to determine the solvency capital requirement.
OF	Own Funds as defined by Title I Chapter IV and Title II Chapters I and II of the Regulation. They represent the financial resources steadily acquired by the company/Group and available to it to absorb losses and to overcome risks generated by business activities on a going concern basis.
ORSA	Own Risk and Solvency Assessment Report to the Authorities.
RAF	Risk Appetite Framework - reference framework which defines - in line with the maximum risk that may be assumed, the business model and the Strategic Plan - the Risk Appetite, any tolerance thresholds, the operational risk limits, specific risk management policies and the reference processes required to define and implement them.
Risk Appetite	Level of risk (overall and by type) that the Group and/or the Company intends to assume for the pursuit of its strategic objectives.
RM	The Risk Margin corresponding to the cost of holding an amount of eligible own funds equal to the SCR needed to support insurance and reinsurance obligations assumed throughout their contractual life.
SCR	Solvency Capital Requirement as set forth in Title I - chapters V and VI of the Regulation. The amount of that requirement is determined so as to enable insurance companies or groups to be capable, with a likelihood of at least 99.5%, of honouring their obligations to policyholders and beneficiaries in the next twelve months.
Market Wide Standard Formula	Methodology for the calculation of the solvency capital requirement which calls for the application of the standard parameters defined by the Regulation.
TCM	Temporary insurance in the event of death.
Technical Provisions (TP)	Technical provisions determined according to Solvency II criteria, to the extent equal to the amount that an insurance or reinsurance company would have to pay if its contractual rights and obligations were immediately transferred to another company. They correspond to the sum of BEL and RM.
USP or GSP	"Undertaking Specific Parameters" or "Group Specific Parameters" – parameters of calculation of the insurance company or group specific solvency capital requirements, to be used as a replacement of those defined by the Market Wide Standard Formula. The use of specific parameters is subject to authorisation by the Supervisory Authority.
VA	Volatility Adjustment corresponding to an optional adjustment to the risk-free interest rate curve (published by EIOPA) to be applied to determine the BELs.

SUMMARY

Summary

Introduction

This section summarises the key information and any substantial changes taking place in the year in the solvency and financial condition of the Group, with regard to:

A. Business and performance
B. System of governance
C. Risk profile
D. Valuation for solvency purposes
E. Capital management.

For more detailed information, please refer to later chapters prepared with reference to the requirements of the current legal provisions summarised previously.

Business and performance[1]

In 2021, the **Unipol Group** achieved a **consolidated net profit** of €796m, a decrease compared to €864m in the previous year, which was particularly influenced by the reduction in claims due to the lockdowns ordered by the government to handle the COVID-19 pandemic.
In 2021, a year still affected by the pandemic, restrictions on the movement of people had less impact, while the fall in MV TPL rates continued, reducing the profitability of the class.
Net profit at 31 December 2021 was positively impacted, for €144m (€7m in 2020), by the pro-rata consolidation of BPER Banca's result, in turn affected by extraordinary accounting items following the acquisition in the first half of the year of former UBI Banca and Intesa Sanpaolo business units and the recognition of costs for optimisation of the workforces.

At 31 December 2021, **direct insurance premiums** of the Unipol Group, gross of reinsurance, stood at €13,329m (+9.2% on the €12,210m at 31/12/2020).

Non-Life direct premiums at 31 December 2021, amounting to €7,943m, were up slightly compared to €7,882m recorded at 31 December 2020 (+0.8%), owing to the good results obtained by the Non-MV sector, which made it possible to absorb the decline seen in the MV sector.
Indeed, there was a 3.7% decrease in the MV sector on the figures recorded at 31 December 2020, with premiums equal to €3,838m, values which still reflected both the strong competition in this market and the measures adopted by the Group to protect customers. These include in particular the #UnMesePerTe initiative, which from April 2020 and throughout 2021, for customers who had not already made use of it on first renewal of the policy, offered UnipolSai customers a 1/12 discount (one month) in the premium previously paid.
Non-MV premiums were up, to €4,105m (+5.3% compared to 2020) due to the country's economic recovery, the commercial drive applied by the sales networks for these products and customers' ongoing interest in health products, a segment in which the Group has a leadership position.

The direct business combined ratio was 92.5% compared to 85.4% at 31 December 2020 which, as already mentioned, was particularly impacted by the severe lockdown in force in March and April. The combined ratio net of reinsurance was 95%, compared to 87% in 2020, with a loss ratio of 67.1% (58.8% at 31/12/2020) and an expense ratio of 27.9% (28.2% at 31/12/2020).

The Group recorded a 24.4% increase in turnover in the **Life sector**, with direct premiums amounting to €5,386m at 31 December 2021. The funding mix was mainly oriented towards Multi-segment and class III products, which showed significant growth.

As far as **financial investment management** is concerned, in 2021 the gross profitability of the Group's insurance financial investment portfolio continued to be influenced by market interest rates that remain at low values, but in any

[1] The economic data reported in the section Business and performance are taken from the Unipol Group's Consolidated Financial Statements (the "Financial Statements" or the "Consolidated Financial Statements").

event obtained a yield of 3.1% of the invested assets (2.9% at 31/12/2020), of which 2.9% relating to the coupons and dividends component.

As concerns the **other sectors** in which the Group operates, the continuation of the COVID-19 emergency in the first half and last part of the year had particularly negative repercussions on the hotel sector, only partially attenuated by the good results achieved in the summer, whilst UnipolReC again recorded a positive result. The pre-tax result of the Real Estate, Holding and Other Businesses sectors was a negative €83m (-€149m at 31/12/2020): the sector was positively impacted by the contribution of the pro-rata consolidation of BPER Banca for €72m and a higher contribution of income from investments compared to the previous year.

The most significant events taking place during the year are set forth below.

On **22 February 2021**, the associate BPER's acquisition of a business unit comprising banking branches of UBI Banca, a transaction finalised under pre-existing arrangements with the Intesa Sanpaolo Group, became legally effective.

In **March 2021**, with reference to the corporate liability action against several former directors and statutory auditors, approved by the Shareholders' Meetings of Fondiaria-SAI and Milano Assicurazioni in the year 2013 and the relative pending legal cases, UnipolSai signed a settlement agreement with all defendants which fully settles the two liability actions, determining income for the Group of approximately €42m.

On **15 March 2021**, UnipolSai fully repaid the subordinated loan (ISIN XS0130717134) with a nominal value of €300m, the contractual maturity of which was in June 2021.

On **28 April 2021**, UnipolSai also fully repaid the subordinated loan (ISIN XS0173649798) with a residual nominal value of €262m and maturing July 2023.

On **10 June 2021**, the Fitch Ratings rating agency increased the Insurer Financial Strength Rating (IFSR) of UnipolSai Assicurazioni SpA from "BBB" to "BBB+", or two notches above Italy's rating (BBB-/Stable outlook). As a result, the Long-Term Issuer Default Rating (IDR) assigned to Unipol Gruppo also went from "BBB-" to "BBB" and the ratings of the Unipol Group's debt issues all improved by 1 notch.
On **13 December 2021**, Fitch Ratings further increased the Insurer Financial Strength Rating (IFSR) of UnipolSai Assicurazioni SpA from "BBB+" to "A-", after the upgrade to Italy's rating (BBB/Stable outlook) on 3 December. As a result, the Long-Term Issuer Default Rating (IDR) assigned to Unipol Gruppo S.p.A. also went from "BBB" to "BBB+" and the ratings of the debt issues all improved by 1 notch.

UnipolSai has taken advantage of the option set forth in Article 110, paragraph 8-bis of Decree Law 104/2020, which makes it possible to realign the values recognised for tax purposes of goodwill and other assets already recognised in the financial statements at 31 December 2019, to the values of such assets as set forth in the financial statements at 31 December 2020, against payment of a substitute tax of 3% of the higher value recognised for tax purposes. On **30 June 2021** it paid the first of the three annual instalments by the legal deadline.

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With reference to the operating performance after the close of 2021, it should be noted that, following the robust economic recovery witnessed in Europe and in Italy in 2021, a slowdown in growth is forecast for 2022, intensified by the current geopolitical scenario. With the domestic political uncertainties recorded at the start of the year having been overcome and worries over pandemic variants eased thanks to the success of the vaccination campaign and the limitation of the infection curve, tensions linked to a number of factors of instability gradually increased, including, first and foremost, the resurgence of territorial disputes between Russia and Ukraine, giving rise to a clash of military forces following Russia's invasion of Ukraine. The effects of the conflict and the consequent economic-financial sanctions imposed on Russia by the international community are affecting the global economic context. Some of the main impacts are expected to be difficulties in the procurement of raw materials, with additional increases in the relative prices, and the risk of an already stressed supply chain becoming even more compromised.
These situations of uncertainty and fears of the potential impacts are creating financial market tensions, with rising volatility in the international stock markets and upward trends in interest rates. All this reflects on the Group's financial investments, which have marked a reduction in their implicit capital gains, and on financial management, which in any event continues to be aimed at the consistency of assets and liabilities and optimising the risk/return profile of the portfolio, also with regard to the maintenance of an adequate level of solvency.

With regard to the trends of the business sectors in which the Group operates, there are no particularly significant events to report with respect to the trends recorded throughout 2021.
Of particular note was the invitation submitted to UnipolSai to become a founding member of two of the five National Centres of Excellence established within the National Recovery and Resilience Plan (the "NRRP"). In particular, one located in Bologna concerns the establishment of the "National Centre for HPC supercomputing and the cloud" and "Quantum Computing", and the other, in Milan, regards the establishment of the "National Centre for sustainable mobility". UnipolSai immediately decided to participate in both initiatives, which moreover involve areas in which the Company is developing technological innovations for some time now.

The Group is completing activities for the preparation of the new 2022-2024 Business Plan, which will be presented to the financial markets this May.

Excluding unforeseeable events, also given the uncertainties in the reference context, the operating result for 2022 is expected to remain positive.

System of governance

Unipol Gruppo SpA, as the Italian ultimate parent company, has adopted a "reinforced" type corporate governance system, pursuant to IVASS Regulation No. 38 of 3 July 2018, deemed most suited for the sound and prudent management of the Company.

The governance structure of the Company is based on a traditional management and control model, where the main bodies are the Shareholders' Meeting, the Board of Directors (which operates with the support of board committees) and the Board of Statutory Auditors. The Company has created the Audit Function, the Chief Risk Officer, the Compliance and Anti-Money Laundering Function[2] and the Actuarial Function (jointly "Key Functions").

The Board of Directors assesses the position of each of its members and the members of the Board of Statutory Auditors, establishing whether these meet the requirements set by legal and regulatory provisions in force at the time on honourableness, professionalism and independence, as well as on the absence of impediments, suspensions and incompatibilities pursuant to interlocking provisions. The Board of Directors also establishes whether the requirements of suitability to the office are met by the Managers of the Key Functions and the Anti-Money Laundering Function, pursuant to company policies in force.

The Company has acquired an articulated and efficient Internal Control and Risk Management System, to ensure that the most significant risks arising from its activity are correctly identified, measured, managed and controlled, as well as being compatible with a sound and correct management. The Company also ensures that this System is implemented consistently and continuously within the entire Group, taking into account the risks of each company in the scope of Group supervision and their mutual interdependencies. The Board of Directors is responsible for said System and regularly verifies its suitability and actual operation.

Within the Internal Control and Risk Management System, Audit assesses and monitors the effectiveness, efficiency and adequacy of the internal control system and the additional components of the system of corporate governance, according to the nature of the business activities and the level of risks undertaken, its consistency with the guidelines defined by the Board as well as its updating, if applicable, also through support and advisory activities provided to other corporate functions. This Report also describes the control tasks of the Actuarial Function with reference to Solvency II Technical Provisions.

There were no substantial changes in the system of governance during the reference period.

[2] Compliance and Anti-Money Laundering Function means, as part of compliance activities, the Company's key Compliance function.

Risk profile

As the Group has received the necessary authorisations from the Supervisory Authority, it calculates its Solvency Capital Requirement using the Partial Internal Model ("PIM"), which can provide a better assessment of its actual risk profile than the standard formula.
To provide a more complete representation of the risk profile, the Group has adopted risk classification criteria somewhat different from those proposed by the Standard Formula, which is the method used to calculate the Solvency Capital Requirement ("SCR") for companies that have not developed an internal model. In particular, with regard to market risk, as part of the PIM, the Group also considers the risks relating to the volatility of share prices and interest rates.

For the risk modules not included within the PIM, the Standard Formula is used, with the application of parameters specific to the Group ("Group Specific Parameters" or "GSP") to calculate the Premium and Reserve Risk for the following Lines of Business ("LoB"): (i) Motor vehicle liability (ii) General liability and (iii) Fire and other damage to property, while the Standard Formula Market Wide is used for the other risk modules.

The Solvency Capital Requirement (SCR) for the Group at the end of the reference period was €4,551,621k, up by €319,714k compared to 31 December 2020.
The most significant changes observed in the components of the SCR compared to the previous year are summarised below:

- Non-Life and Health Underwriting Risks: an increase was recorded in Non-Life and Health SCR, mainly deriving from the increase in volumes compared to the previous year, an effect which was offset in part by the updating of the GSP parameters;
- Life Underwriting Risks: there was a reduction in the Life SCR caused primarily by the lower surrender risk, partially offset by the increase in expense risk;
- Credit Risks: there was a decrease in the Credit SCR mainly due to the reduction in exposures to the insured;
- Benefit of diversification: there was a decrease in the benefit primarily caused by the increase in the implicit correlation between risk modules;
- Loss-absorbing capacity of technical provisions in the case of losses deriving from unfavourable events regarding market risk factors (ALAC TP): there was an increase in the benefit deriving from the ALAC TPs due to the change in the reference financial context, particularly with regard to the increase in the interest rate curve, which increased the efficiency of extraordinary management actions;
- Solvency Capital Requirement - Financial sector: an increase was recorded in the capital requirement, calculated in compliance with industry rules, explained by the rise in risk-weighted assets of banks and financial companies, namely BPER Banca SpA following the finalisation of the acquisition of the former UBI Banca bank branches business unit.

The foreign subsidiaries are excluded from the scope of application as they are out of scope of the Group's Partial Internal Model and, therefore, the relative capital requirement is calculated using the Standard Formula and added to the Basic Solvency Capital Requirement (BSCR) (see the "out of scope undertakings' SCR" item in the SCR - Partial Internal Model table below).

SCR - Partial Internal Model

Amounts in €k	2021	2020	Change on 2020
Non-life and health underwriting risk	2,070,029	1,986,228	83,801
Life underwriting risk	371,135	374,067	(2,932)
Market risks	2,916,432	2,916,193	239
Credit risk	327,956	343,511	(15,555)
Diversification	(1,551,711)	(1,595,867)	44,156
Basic Solvency Capital Requirement (BSCR)	**4,133,840**	**4,024,132**	**109,708**
Operational risk	525,509	539,592	(14,083)
ALAC TP	(709,621)	(630,437)	(79,184)
ALAC DT	(885,217)	(896,729)	11,512
SCR OT	112,421	102,235	10,186
Out of scope undertakings's SCR	346,973	321,958	25,015
Model Adjustment	**4,949**	**4,360**	**589**
Solvency Capital Requirement - Insurance sector	**3,528,855**	**3,465,111**	**63,744**
Solvency Capital Requirement - Credit and financial sector	**1,022,766**	**766,796**	**255,970**
Totale Solvency Capital Requirement (SCR)	**4,551,621**	**4,231,907**	**319,714**

Note that the risk assessments are carried out applying as long-term measure the Volatility Adjustment (VA).

Valuation for solvency purposes

To calculate the own funds eligible for the coverage of the Solvency Capital Requirement, the Group must prepare a "Market Consistent Balance Sheet" ("MCBS"), enclosed to this Report, on the basis of specific valuation criteria and with methods of consolidation of the investee companies, defined by the Directive and the Regulation, which are different from those used for the consolidated financial statements.
Please note in particular that the methods of consolidation laid out in Solvency II result in a more restricted line-by-line consolidation scope than that applicable in the IFRS consolidated financial statements. In particular, we note that:

- the entities that carry out financial and credit activities (UnipolSai Investimenti Sgr, UnipolPay, UnipolReC, BPER Banca and their subsidiaries) were consolidated synthetically based on the proportional share of own funds of such entities determined on the basis of the pertinent sector rules ("Basel III");
- the other subsidiaries whose activities are not insurance activities or instrumental to the insurance business were subject to synthetic consolidation (and not line-by-line as set forth in IFRS 10 for the purpose of preparing the consolidated financial statements) on the basis of dedicated financial positions drawn up in accordance with Solvency II criteria.

In addition, the measurement criteria specified by the Solvency II provisions are based on the concept of fair value and, therefore:

- assets are valued at the amount at which they could be exchanged between knowledgeable and willing parties in an arm's length transaction;
- liabilities are valued at the amount at which they could be sold or settled between knowledgeable and willing parties in an arm's length transaction.

In the valuation of liabilities, any changes in the creditworthiness of the individual companies belonging to the Group subsequent to the issue are not taken into consideration.

There were no substantial changes in the valuation criteria adopted compared to the previous year.

Amounts in €k		2021	2020
A	**Shareholders' equity (Financial Statement)**	**9,721,549**	**9,525,271**
B	Adjustments for reclassification of shareholders' equity items	(495,014)	(493,509)
	Own shares qualified as asset in the MCBS and as an adjustment to shareholders' equity in the IFRS Consolidated Financial Statements	*1,147*	*2,652*
	RT1 capital instruments qualified as shareholders' equity in the IFRS Consolidated Financial Statements and as liabilities in the MCBS	*(496,161)*	(496,161)
C	Adjustments for different consolidation methods	(196)	(170)
D	Adjustments by assets/liabilities type	(44,101)	(919,103)
	Intangible assets	*(2,155,406)*	*(2,114,693)*
	Properties and tangible assets for investment and for own use	*457,824*	*381,080*
	Other financial investments	*635,097*	*780,785*
	Technical provisions	*1,522,193*	*293,810*
	Deferred taxes	*(414,465)*	*(36,129)*
	Other assets and liabilities	*(89,344)*	*(223,956)*
E=A+B+C+D	**Shareholders' equity (MCBS)**	**9,182,238**	**8,112,488**

Capital management

The Group has own funds eligible to cover the capital requirements equal to 2.14 times the SCR (2.16 at 31/12/2020) and 4.52 times the Minimum Capital Requirement ("MCR"), 4.17 at 31 December 2020.

The following tables show:

- the reconciliation between the amount of shareholders' equity from the MCBS and the amount of own funds eligible to cover capital requirements;
- the amount of own funds eligible to cover capital requirements, with a breakdown by individual tiering level;
- the capital requirements (SCR and MCR);
- the coverage ratios of the capital requirements.

Reconciliation from MCBS to eligible own funds

Amounts in €k	2021	2020	Change on 2020
Shareholders' equity (MCBS)	**9,182,238**	**8,112,488**	**1,069,749**
Subordinated and hybrids liabilities computable in own funds such as Tier 1 restricted and Tier 2 instruments	2,004,815	2,699,187	(694,372)
Expected dividends	(322,672)	(307,222)	(15,451)
Own shares held directly or indirectly	(1,335)	(3,037)	1,702
Adjustments related to the transferability of subsidiaries own funds or the computability of minority interests	(1,134,273)	(1,366,421)	232,149
Other deductions required by the Regulations or by specific provisions of the Supervisory Authority	(1,846)	(197)	(1,648)
Total eligible own funds to meet the SCR	**9,726,927**	**9,134,798**	**592,129**
Non eligible own funds to meet the MCR	(2,006,624)	(2,253,750)	247,126
Total eligible own funds to meet the MCR	**7,720,303**	**6,881,049**	**839,255**

Eligible amount of own funds

Amounts in €k	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Total eligible own funds to meet the SCR (A)	9,726,927	7,892,850	1,310,880	490,438	32,759
Total eligible own funds to meet the MCR (B)	7,720,303	6,067,555	1,310,880	341,868	

SCR, MCR and Capital Requirement coverage ratios

Amounts in €k	2021	2020	Change on 2020
Solvency Capital Requirement (SCR) (C)	4,551,621	4,231,907	319,714
Minimum Capital Requirement (MCR) (D)	1,709,342	1,652,091	57,250
Ratio of Eligible own funds to SCR (A / C)	2.14	2.16	(0.02)
Ratio of Eligible own funds to MCR (B / D)	4.52	4.17	0.35

The SCR coverage ratio without the application of the volatility adjustment is 2.12 (2.14 at 31/12/2020).

We provide below the results of the sensitivity analyses carried out by the Group. The analyses refer to the year in question and take, as base scenario, the capital adequacy and the solvency capital requirement calculated according to the regulatory model adopted by the Group.

Sensitivities

Description	Impact with respect to central scenario	Impact on Solvency II Ratio
Shift upward of the interest yield curve	interest rate: +50 bps	3 p.p.
Shift downward of the interest yield curve	interest rate: -10 bps	-2 p.p.
Shock on credit spread – corporate bonds	industrial and financial credit spreads: +100 bps	-3 p.p.
Shock on equity market	equity market value: -20%	-3 p.p.
Shock on property market	real estate market value: -15%	-8 p.p.
Sensitivity on Italian Government spread	Italian Government spread: +100 bps	-13 p.p.

During the year the Group always maintained adequate coverage of its SCR as well as its MCR.

A

BUSINESS AND PERFORMANCE

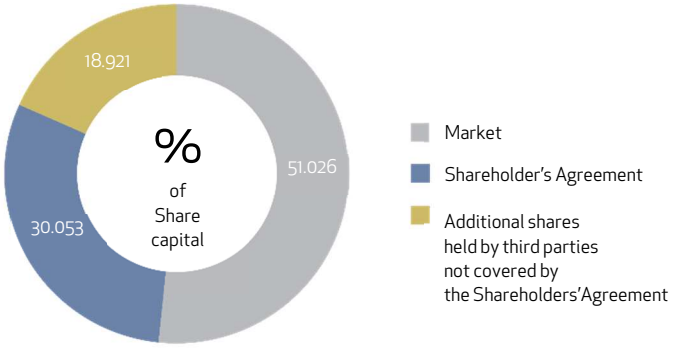
A Business and performance

A.1 Business

Company information

Unipol Gruppo SpA ("Unipol SpA") is a holding company at the top of the Unipol Group, with a preeminent position in the Italian insurance market and present in various market sectors other than insurance. Unipol is listed on the Milan Stock Exchange and in the FTSE MIB and MIB® ESG indexes. It manages and coordinates all the subsidiaries.

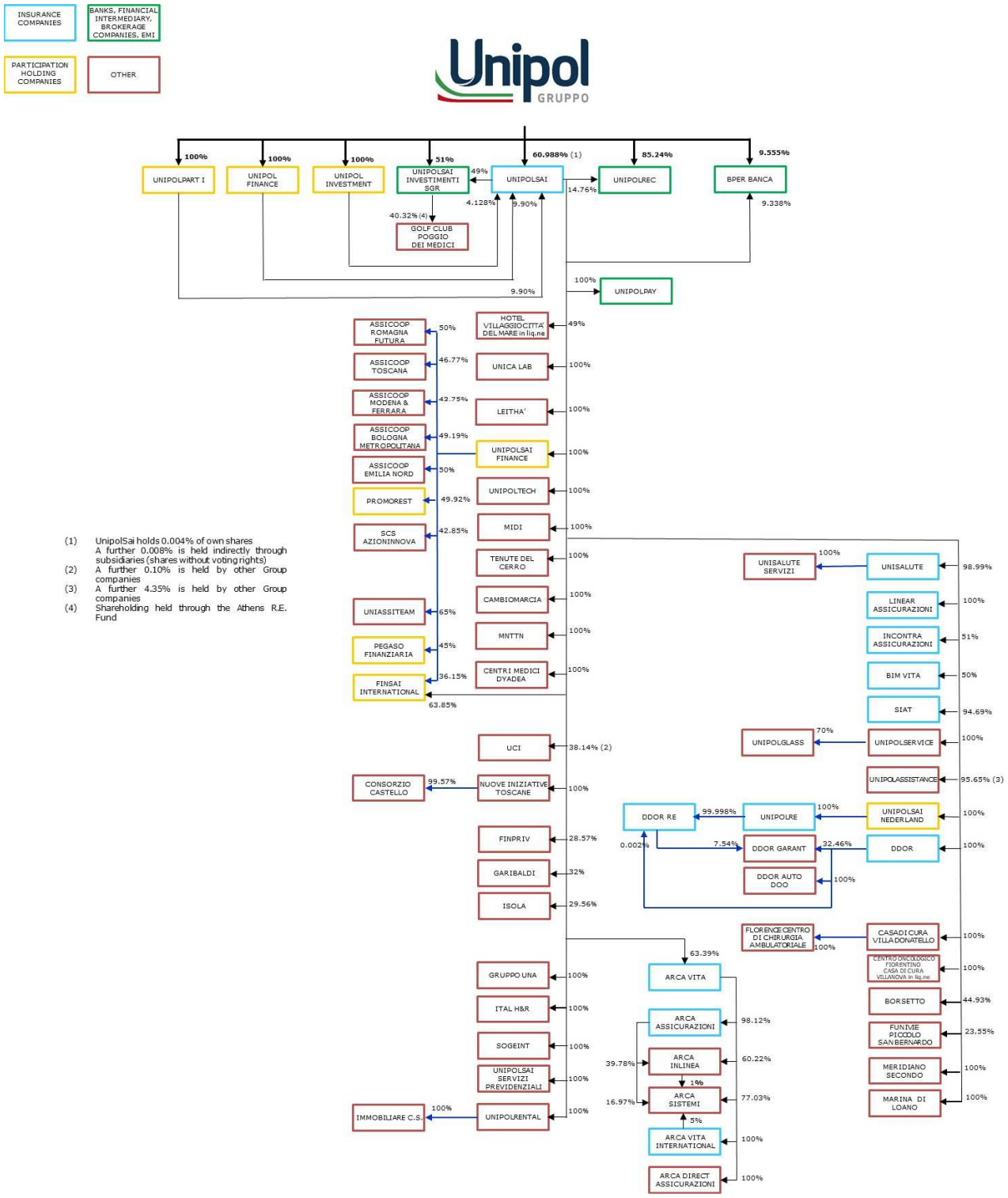
The shareholding structure is shown in the chart below:



The Group is subject to supervision, as an insurance group, by the Istituto per la Vigilanza sulle Assicurazioni (IVASS).

The independent audit firm appointed by the Group is EY SpA.

The structure of the Unipol Group at 31 December 2021 is shown below.



(1) UnipolSai holds 0.004% of own shares
A further 0.008% is held indirectly through subsidiaries (shares without voting rights)

(2) A further 0.10% is held by other Group companies

(3) A further 4.35% is held by other Group companies

(4) Shareholding held through the Athens R.E. Fund

We also provide a list of subsidiaries and associates at 31 December 2021. Please note that at that date, there were no companies subject to unified management.

List of subsidiaries and associates

Name	Legal form	Registered office	% voting rights
Arca Assicurazioni Spa	Joint-stock company	Italy	98.12%
Arca Direct Assicurazioni Srl	Limited liabilities company	Italy	100.00%
Arca Inlinea Scarl	Limited liabilities consortium	Italy	100.00%
Arca Sistemi Scarl	Limited liabilities consortium	Italy	100.00%
Arca Vita International Dac	Designated activity Company	Ireland	100.00%
Arca Vita Spa	Joint-stock company	Italy	63.39%
Assicoop Bologna Metropolitana Spa	Joint-stock company	Italy	49.19%
Assicoop Emilia Nord Srl	Limited liabilities company	Italy	50.00%
Assicoop Modena & Ferrara Spa	Joint-stock company	Italy	43.75%
Assicoop Romagna Futura Srl	Limited liabilities company	Italy	50.00%
Assicoop Toscana Spa	Joint-stock company	Italy	46.77%
Athens R.E. Fund	Collective Investments Undertakings	Italy	89.59%
BIM Vita Spa	Joint-stock company	Italy	50.00%
Borsetto Srl	Limited liabilities company	Italy	44.93%
BPER Banca Spa	Joint-stock company	Italy	18.92%
Cambiomarcia Srl	Limited liabilities company	Italy	100.00%
Casa di Cura Villa Donatello - Spa	Joint-stock company	Italy	100.00%
Centri Medici Dyadea Srl	Limited liabilities company	Italy	100.00%
Centro Oncologico Fiorentino Casa di Cura Villanova Srl in Liquidazione	Limited liabilities company	Italy	100.00%
Compagnia Assicuratrice Linear Spa	Joint-stock company	Italy	100.00%
Consorzio Castello	Limited liabilities consortium	Italy	99.57%
Ddor Auto - Limited Liability Company	Drustvo Sa Ogranienom Odgovornou-DOO	Serbia	100.00%
Ddor Garant	Akcionarsko Drustvo-ADO	Serbia	40.00%
Ddor Novi Sad	Akcionarsko Drustvo-ADO	Serbia	100.00%
Ddor Re	Akcionarsko Drustvo-ADO	Serbia	100.00%
Fin.Priv. Srl	Limited liabilities company	Italy	28.57%
Finsai International Sa	Societe' Anonyme	Luxembourg	100.00%
Florence Centro di Chirurgia Ambulatoriale Srl	Limited liabilities company	Italy	100.00%
Fondazione Unipolis	Foundation	Italy	100.00%
Fondo Emporion Immobiliare	Collective Investments Undertakings	Italy	100.00%
Fondo Landev	Collective Investments Undertakings	Italy	100.00%
Fondo Oikos	Collective Investments Undertakings	Italy	100.00%
Funivie del Piccolo San Bernardo Spa	Joint-stock company	Italy	23.55%
Garibaldi Sca	Societè en Accomandite par Actions	Luxembourg	32.00%
Golf Club Poggio dei Medici Spa	Limited liabilities company	Italy	40.32%
Gruppo UNA Spa	Joint-stock company	Italy	100.00%
Hotel Villaggio Città del Mare Spa in Liquidazione	Joint-stock company	Italy	49.00%
Immobiliare C.S. Srl	Limited liabilities company	Italy	100.00%
Incontra Assicurazioni Spa	Joint-stock company	Italy	51.00%
Isola Sca	Societè en Accomandite par Actions	Luxembourg	29.56%
Ital H&R Srl	Limited liabilities company	Italy	100.00%
Leithà Srl	Limited liabilities company	Italy	100.00%
Marina di Loano Spa	Joint-stock company	Italy	100.00%
Meridiano Secondo Srl	Limited liabilities company	Italy	100.00%

Name	Legal form	Registered office	% voting rights
Midi Srl	Limited liabilities company	Italy	100.00%
MNTTN Spa	Joint-stock company	Italy	100.00%
Nuove Iniziative Toscane - Società a responsabilità Limitata	Limited liabilities company	Italy	100.00%
Pegaso Finanziaria Spa	Joint-stock company	Italy	45.00%
Promorest Srl	Limited liabilities company	Italy	49.92%
SCS Azioninnova Spa	Joint-stock company	Italy	42.85%
Siat-Società Italiana Assicurazioni e Riassicurazioni - Per Azioni	Joint-stock company	Italy	94.69%
Sogeint Società a responsabilità Limitata	Limited liabilities company	Italy	100.00%
Tenute del Cerro Spa - Società Agricola	Joint-stock company	Italy	100.00%
Tikal R.E. Fund	Collective Investments Undertakings	Italy	100.00%
Uci - Ufficio Centrale Italiano	Limited liabilities consortium	Italy	38.24%
UniAssiTeam Srl	Limited liabilities company	Italy	65.00%
Unica Lab Srl	Limited liabilities company	Italy	100.00%
Unipol Finance Srl	Limited liabilities company	Italy	100.00%
Unipol Gruppo Spa	Joint-stock company	Italy	100.00%
Unipol Investment Spa	Joint-stock company	Italy	100.00%
Unipol Rental Spa	Joint-stock company	Italy	100.00%
UnipolAssistance Scrl	Limited liabilities consortium	Italy	100.00%
UnipolGlass Srl	Limited liabilities company	Italy	70.00%
UnipolPart I Spa	Joint-stock company	Italy	100.00%
UnipolPay Spa	Joint-stock company	Italy	100.00%
UnipolRe Dac	Designated activity Company	Ireland	100.00%
UnipolReC Spa	Joint-stock company	Italy	100.00%
UnipolSai Assicurazioni Spa	Joint-stock company	Italy	84.93%
UnipolSai Finance Spa	Joint-stock company	Italy	100.00%
Unipolsai Investimenti Sgr Spa	Joint-stock company	Italy	100.00%
UnipolSai Nederland Bv	Besloten Vennootschap	The Netherlands	100.00%
UnipolSai Servizi Previdenziali Srl	Limited liabilities company	Italy	100.00%
UnipolService Spa	Joint-stock company	Italy	100.00%
UnipolTech Spa	Joint-stock company	Italy	100.00%
Unisalute Servizi Srl	Limited liabilities company	Italy	100.00%
UniSalute Spa	Joint-stock company	Italy	98.99%

Changes in the consolidation scope compared with 31 December 2020

On 1 March 2021, UnipolSai Assicurazioni SpA sold its entire holding in Servizi Immobiliari Martinelli SpA consisting of 200 shares, i.e. 20% of the share capital.

On 26 April 2021, the decision to liquidate UnipolSai Servizi Consortili Scrl was entered into the Register of Companies. To conclude the voluntary liquidation process, on 23 December 2021, the consortium members approved the final liquidation financial statements and the relative distribution plan.

On 22 June 2021, the company MNTTN SpA was established by full payment of the share capital of €120,000 which is held entirely by UnipolSai. The company, after enrolling in the Single Register of Intermediaries at IVASS, will carry out insurance brokerage activities.

On 5 July 2021, after obtaining authorisation to operate on 30 June 2021 from the Bank of Italy, the deed of incorporation of the company UnipolPay SpA was registered with the Register of Companies. The Company's purpose is the issue of electronic money (IMEL) and the provision of operating and accessory services closely connected to the

issue of electronic currency, as well as the provision of payment services, also not connected to the issue of electronic currency and the relative accessory activities. At 31 December 2021, the company had not yet started operating.

On 6 December 2021, after filing of the merger deed and related entries in the relevant Register of Companies, the merger of Unipol Reoco SpA into UnipolReC SpA became effective, with accounting and tax effects starting from 1 January 2021.

It should be noted that, as of 1 July 2021, some Group companies have changed their company business name. More specifically, APB Car Service Srl has changed its business name to UnipolGlass Srl, Auto Presto & Bene SpA has changed its business name to UnipolService SpA, Pronto Assistance Service Scrl has changed its business name to UnipolAssistance Scrl and finally Alfaevolution Technology SpA has changed its business name to UnipolTech SpA. These companies are listed in this document and the related annexes under their new business names.

Main differences between the scope of consolidation considered in the consolidated financial statements prepared pursuant to Article 95 of the Private Insurance Code ("CAP") and the scope of consolidation considered for the calculation of group solvency pursuant to Article 216-ter of the CAP

The Unipol Group MCBS was determined in accordance with method 1 (method based on the consolidated financial statements described in Art. 335 of the Regulation). To that end, a Group MCBS expressed at market value was prepared on the basis of the criteria defined in the Regulation.
The Group scope for the preparation of the MCBS includes 76 companies, of which:

A. 42 companies consolidated on a line-by-line basis in application of Art. 335 paragraph 1 (a) of the Regulation (insurance or reinsurance companies, non-EU insurance or reinsurance companies, insurance holding companies, mixed financial holding companies and ancillary services undertakings which are subsidiaries of the parent company);

B. 4 companies for which the proportional share of own funds of the company calculated in accordance with the pertinent sector rules pursuant to Art. 2, point 7 of Directive 2002/87/EC was consolidated in application of Art. 335 paragraph 1 (e) of the Regulation (investee companies that are credit institutions, investment firms and financial institutions, UCITS management companies);

C. 30 companies measured in compliance with Art. 13 of the Regulation (other subsidiaries, associates, included in the definition of equity investments other than the previous ones), consolidated with the Solvency II equity method in application of Art. 335 paragraph 1 (f) of the Regulation.

There are no companies pursuant to paragraph 1, letters b), c) and d) of Art. 335 of the Regulation (line-by-line consolidation of vehicle companies as defined in Art. 13 of the Directive, proportionate consolidation or consolidation with the equity method of equity investments in insurance or reinsurance companies, non-EU insurance or reinsurance companies, insurance holding companies, mixed financial holding companies and ancillary services undertakings which are not subsidiaries of the parent company).
The main differences in the scope of consolidation of the MCBS with respect to the scope of consolidation used for the preparation of the Unipol consolidated financial statements derive from the lack of line-by-line consolidation of the subsidiaries belonging to the financial sector and the subsidiary entities that are not ancillary services undertakings within the scope of the Unipol Insurance Group, with the exception of several subsidiary entities whose activities were deemed similar to those of the ancillary services undertakings, such as the controlled property funds and the companies Unipol Finance, Unipol Investment and UnipolPart I, which hold an investment in UnipolSai.
For further details regarding the scope of consolidation and the methods of calculation applied to the individual entities, please refer to QRT S.32.01.22 in the QRT Models section.

Relations with Group companies

Unipol Gruppo provides the following services to the subsidiary UnipolReC:
- Governance (services supporting internal control, risk management and compliance);
- Anti-money laundering and Anti-terrorism.

UnipolSai Assicurazioni provides the following services to companies of the Group:
- Governance (services supporting internal control, risk management, compliance and the Actuarial Function Validation);
- Finance;
- Innovation;
- Communications and Media Relations;
- Anti-money laundering and Anti-terrorism;
- 231 support;
- Institutional Relations;
- Assessment of investments;
- Human resources and industrial relations (personnel administration, external selection, development and remuneration systems, welfare initiatives, personnel management, trade union relations, employee disputes, employee welfare, safety);
- Organisation;
- Training;
- Legal and corporate (corporate affairs, group legal register management, anti-fraud, institutional response, legal insurance consulting, privacy consulting and support, general legal and disputes, corporate legal, complaints, management of investments);
- Claims settlement;
- Insurance (distribution network regulations, MV portfolio management, reinsurance, product marketing, MV tariff setting, development and maintenance of MV products, general class tariff setting, development and maintenance of general class products, technical actuarial coordination, Life bancassurance);
- IT services;
- Actuarial Function Calculation;
- Administration (accounting, tax, administrative and financial statements services);
- Management control;
- Purchase of goods and services (including real estate) and general services;
- Real estate (coordination of urban planning processes, value added services, operational management of property sales and purchases, property leasing services, project management, logistics and real estate services, facility management, tax and duty property management, property management).

UniSalute provides the following services:
- Managing addressing services, providing medical advice and assistance by telephone, making bookings, managing and settling claims relating to specific guarantees/products on behalf of UnipolSai;
- Policyholder record updating services and administrative services associated with the payment of health policy claims for UnipolSai.

The services provided by UniSalute to its subsidiary UniSalute Servizi mainly concerned the following areas:
- Administration and management control;
- Complaints, regulations and tenders;
- IT services;
- Digital marketing and Communications;
- Supplier Network Management and Medical Coordination;
- Human resource monitoring and Training;
- Collective Operating Centre - Assistance Class 18 and LTC case management.

SIAT performs the following services in favour of UnipolSai:
- Technical assistance in the negotiation and stipulation of transport and aviation contracts;
- Portfolio services for agreements in the transport sector;
- Administrative support in the relationships with insurance counterparties.

UnipolService (formerly **Auto Presto&Bene**) provides car repair services for certain Group companies, while **UnipolGlass** (formerly **APB Car Service**) provides glass repair services.

UnipolSai Servizi Previdenziali performs administrative management of open pension funds on behalf of a number of Group companies.

UnipolRe carries out administrative and accounting services for inwards and outwards reinsurance with reference to treaties in run-off on behalf of UnipolSai.

UnipolSai Investimenti SGR administers on behalf of UnipolSai the units of real estate funds set up by third-party asset managers, owned by UnipolSai.

In 2021, **UnipolReC,** in its capacity as an agent, conducted credit collection, out-of-court recovery of receivables due from Customers, such as, by way of example, the analysis of the receivables assigned, the sending of dunning letters by post and/or credit collection by phone, monitoring the responses received, checking payments and reconciliating the same, searching for individuals that are difficult to trace and any other activity required or related to said services on behalf of Gruppo UNA and Tenute del Cerro.

UnipolTech (formerly **Alfaevolution Technology**) guarantees competitiveness to the Group insurance companies through continuous technological innovation and the evolution of ITC services:

- management of black boxes, designed and continuously innovated internally and complete with proprietary software associated with MV, Motorcycle and fleet policies, confirming the Unipol Group as market leader. Black boxes are directly linked to the service centre (TSP) in order to guarantee secure insurance services through a complex data analysis based on crash recognition and reconstruction, assistance and theft up to value added services such as private emergency calls, plus the VASs available on the mobile app;
- IoT technology and safety and security services linked to home, store and commercial business insurance policies (smart home);
- telematic devices associated with insurance policies for pet protection.

The company has developed products offered through the UnipolSai agency network, such as:

- Qshino, the product that offers an anti-abandonment device service for child car seats as required by Italian Law no. 117 of 1 October 2018, which makes their use compulsory;
- UnipolMove, the electronic motorway toll payment service, the pilot phase of which was launched in 2021. In the course of 2022, it will be made available to all group customers.

Support was also provided to UnipolSai in the development of mobile payment solutions to offer customers an integrated model of distinctive services, complementary to the insurance business. The first services available on the UnipolSai App therefore include the opportunity to pay car parking fees, fines and road tax.

Leithà designs, develops and provides to Group companies services, applications, data-intensive components and innovative, high-tech tools based primarily on Artificial Intelligence, Machine Learning, Intelligence Process Automation and Computer Vision solutions.

It also studies and analyses data in support of new product development (both in actuarial and product creation terms), processes and business development. This includes the necessary preparatory and instrumental activities for the implementation of commissioned research projects and the development of operating system software, operating systems, applications and database management concerning and functional to such projects.

The main project areas covered include:

- development of software supporting the reconstruction and settlement of claims;
- development of solutions for real-time claims management;
- natural events and weather alert services;
- reinsurance support;
- communication tools for the agency network;
- smartphone telematics;
- support for tariff-setting processes through data enrichment;
- scientific communication activities through collaboration with important European projects and research centres (e.g., ADA - ADaptation in Agriculture and development of the E3CI - European Extreme Events Climate Index).

UnipolAssistance (formerly **Pronto Assistance Servizi**) provides the following services for the Companies of the Consortium (and to a minimal extent also to third parties on the external market):

- organisation, provision and 24/7 management of services provided by the assistance insurance coverage, by taking the action requested and managing relations with professionals and independent suppliers to which the material execution of the action is assigned, also including settlement of the related remuneration. Analogous activities, when requested, may be provided to Consortium members not in the insurance business.

As part of the Tourism claims management for consortium members only, in addition to the provision of normal Assistance services, at the request of an individual consortium member UnipolAssistance can advance medical expense payments on behalf of that member;

- contact centre activities for customers, specialists and agencies of the Group, whose services consist of:
  - providing front office services to existing or potential customers at all stages of relations with the consortium members and their respective sales networks, or to any intermediaries acting on their behalf (brokers, banks);
  - providing after-sales services on policy statuses or on any transactions that can be made on existing policies;
  - providing customer satisfaction services;
  - providing support services to the agency network in relations with customers and consortium members;
  - providing contact centre services dedicated to opening claims and related information requests.

UnipolSai Servizi Consortili (placed in voluntary liquidation as of 26 April 2021 and which stopped operating on 29 December 2021) managed several supply contracts and services in 2021 relating to the Unipol Group's communications, image and trademark. Starting from1 January 2022, these contracts and services are managed directly by Unipol Gruppo and UnipolSai.

Arca Vita provides the following services to Group companies:

- human resource management and development, organisation, corporate affairs, purchasing, legal services and complaints, secretariat and general services, security and privacy, administration, life planning in favour of subsidiaries;
- real estate and leasing of offices and parking spaces in favour of subsidiaries and UnipolSai.

An agreement with Arca Vita International is also in place regarding the licence for use of the "Arca Vita International" trademark owned by Arca Vita.

Arca Inlinea provides sales support services to Arca Assicurazioni, Arca Vita and Arca Vita International.

Arca Sistemi provides the following services primarily in favour of the Companies participating in the consortium:

- IT system design, development and management;
- alternative storage design, development and management.

Arca Direct Assicurazioni has insurance brokerage agreements in place with Arca Vita, Arca Assicurazioni and UnipolSai.

Unipol*Rental* provides medium/long-term vehicle rental services to Group companies.

Cambiomarcia provides services and a digital platform dedicated to the sale of ex-rental vehicles of Unipol*Rental* on the B2C channel (Business to Consumer).

Moreover, it is noted that the Group companies conduct the following regular transactions with each other:

- reinsurance and coinsurance;
- leasing of property and other tangible assets;
- agency mandates;
- secondment of personnel;
- long-term vehicle rental;
- training project management.

No atypical or unusual transactions were carried out in the execution of these services.

Fees are mainly calculated on the basis of the external costs incurred, for example the costs of products and services acquired from suppliers, and the costs resulting from activities carried out directly, i.e. generated by their own staff, and taking account of:

- performance targets set for the provision of the service to the company;
- strategic investments required to ensure the agreed levels of service.

The following elements are specifically taken into consideration:

- personnel costs;
- operating costs (logistics, etc.);
- general costs (IT, consultancy, etc.).

As regards services rendered by Leithà, the consideration was determined to the extent equal to costs, as previously defined, to which a mark-up was applied, which is the operating margin for the service rendered.

The costs for financing activities are calculated by applying a fee on managed volumes. The services provided by UniSalute (except for operating services provided to Unisalute Servizi for which the costs are split), UnipolService, UnipolSai Investimenti SGR and UnipolRe involve fixed prices.

Both the Parent Company **Unipol** and its subsidiaries, including **UnipolSai**, **Arca Vita** and **Arca Assicurazioni**, second their staff to other Group companies to optimise the synergies within the Group.

Tax regime for taxation of group income (so-called "tax consolidation")

The Parent Company Unipol exercised the Group tax consolidation option governed by Title II, Chapter II, Section II of Italian Presidential Decree 917/86 (the Consolidated Income Tax Act, Articles 117 et seq.) as consolidating entity, jointly with the companies belonging to the Unipol Group meeting the established regulatory requirements over time. The option has a three-year duration and is renewed automatically unless cancelled.

Exercise of the option for the establishment of the Unipol VAT Group

Unipol Gruppo and the subsidiaries for which there are economic, financial and organisational restrictions exercised the option of establishment of the Unipol VAT Group pursuant to Art. 70-bis et seq. of Italian Presidential Decree no. 633/1972 and Ministerial Decree of 6 April 2018. Initially valid for the three-year period 2019-2021, the option renews each year until cancelled.

In addition to what was mentioned previously, due to the very nature of the Group, there are significant intra-group transactions concerning "**transactions relating to equity instruments, debt instruments and asset transfers**". These transactions are substantiated in the possession of equity investments, the disbursement of loans and the management of centralised treasury services ("cash pooling") and the relative ensuing transactions (payment of dividends and interest and repayments). There are current account and securities deposit relationships in place with the banking entities that are shareholders of the bancassurance companies and with associated companies (BPER Banca).

These transactions, which do not include atypical or unusual transactions, are settled at arm's length conditions.

Lines of Business

The Group's activities are divided into the following lines of business.

Insurance

The Group offers the market the entire range of risk cover solutions: in mobility (vehicles, sportscraft and travel), for the home and condominiums, for work (products dedicated to businesses, traders, professionals and legal protection), for personal protection (particularly accident and health protection policies), and for investments and welfare. **UnipolSai Assicurazioni SpA** is the main Insurance Company, supported by specialist companies: **UniSalute**, specialising in the Healthcare segment; **Linear**, a company specialising in direct sales, online and via call centres, of MV products; **SIAT**, operating in the Transport business, with corporate customers primarily reached through brokers.
Outside Italy, the Group operates in Serbia, through the subsidiary **DDOR Novi Sad** and the dedicated captive reinsurance company **DDOR Re**, and in Ireland with **UnipolRe**, a professional reinsurance company with AM Best A-rating, which provides reinsurance services to insurance businesses and groups in the EMEA region.

Bancassurance

The Group is active in the bancassurance channel through agreements with the BPER Banca Group and Banca Popolare di Sondrio for the distribution of **Arca Assicurazioni** and **Arca Vita** products, with Banca Intermobiliare for the sale of **BIM Vita** products and with the UniCredit Group which markets Fire and Credit Protection products in the Non-Life business and products with **Incontra Assicurazioni** healthcare coverage.

Real Estate and Other Businesses

The Group is one of the leading real estate operators in Italy in terms of assets and is also active in the following sectors:

- hotel sector through **UNA Group**, which manages 38 facilities (hotels, residences and resorts through leases, franchises and management) in some of the main cities and most renowned tourist destinations in Italy;
- agricultural sector through **Tenute del Cerro**, owner of around 4,300 hectares of land in Tuscany and Umbria, of which 300 hectares of vineyards among the most sought-after for high quality wine production;
- healthcare through the **Villa Donatello** and **Centro Florence care homes** and the **Dyadea multi-specialist centres**;
- harbour facilities through **Marina di Loano**, centrally located in western Liguria and able to moor over 900 craft with lengths from 6 to 80 metres.

Through **UnipolSai Investimenti SGR**, the Unipol Group manages real estate investment funds and through **UnipolReC**, a financial intermediary registered pursuant to Art.106 of the Consolidated Law on Banking, it offers impaired loan management and collection.

Commercial Services and New Projects

The Group has developed commercial initiatives to support insurance activities in the mobility ecosystem, as regards vehicle and glass repairs, black box management and long-term vehicle rental.
The service companies instrumental to the insurance business characterise and make Unipol's insurance offer distinctive with the direct and integrated governance of service processes:

- **UnipolService,** a network of repair shops located throughout the country and offering MV policyholders certified repairs with no cash advance;
- **UnipolGlass**, for glass repair and replacement services;
- **Unipol Assistance**, a multi-service company specialising in solving support requests for all categories of vehicles, people, homes and businesses**;**
- **Unipol*Rental*** for the management of company fleets and long-term car rental;
- **UnipolTech**, electronic provider for UnipolSai and other Group companies, as well as provider of electronic motorway toll services.

Leithà is the company specifically dedicated to innovation.
UnipolPay, istituto di moneta elettronica (IMEL) is an e-money institute authorised to provide electronic payment and e-money services in Italy.
Cambiomarcia operates as a company specialising in the resale of used cars and the marketing of e-bikes (**Cambiobike**).
Unipolis is the business foundation of the Unipol Group, and one of the most important tools for implementing social responsibility initiatives, within the framework of the more comprehensive sustainability strategy.

Significant events in 2021

COVID-19 - Impacts and initiatives of the Group

The spread of the COVID-19 pandemic, which began at the end of February 2020, also affected 2021 though with a lower impact on Group operations compared to the previous year.

In particular, the first part of 2021 saw the continuation of certain travel restrictions for individuals through selective lockdowns, mainly on a regional scale, which gradually eased with the arrival of summer and improvement in the pandemic situation. In the second part of the year, despite rising infections, the growing success of the vaccination campaign meant that severe travel restrictions on individuals were no longer necessary and allowed businesses to reopen, for example the winter tourism industry, after a long halt.

From the operational perspective, in the insurance sector, the MV TPL class was still seeing a low level of claims frequency (although up compared to the previous year), and this encouraged strong competition on rates, which continued to fall. An effect on UnipolSai also came from continuation of the #UnMesePerTe initiative, which from April 2020 and throughout 2021, for customers who had not already made use of it on first renewal of the policy, offered its customers a 1/12 discount (one month) in the premium previously paid.
In the Non-Life insurance business other than MV TPL, on the other hand, the strong economic recovery during the year and the action of our production networks allowed a considerable recovery in production with a level of 2021 premiums that, overall, exceeded the pre-pandemic values.

In a context still influenced by the effects of the pandemic, albeit much improved by the vaccines, the Group maintained strong prudential criteria for its year-end valuations of Non-Life technical provisions as shock absorbers against any future repercussions, not yet known, on the global insurance guarantees provided by the Group.

The performances of premiums and volumes managed were highly positive in the Life sector, where they were favourably impacted by financial market trends which in 2021, aided by the economic recovery, recorded no particular turbulence despite the succession of waves of the pandemic.

With reference to other businesses of the Group in 2021, as in 2020, the only significant repercussions were on the company Gruppo UNA, active in the hotel sector, on which the COVID-19 pandemic had a very significant impact. In order to limit the economic effects, the company kept the majority of its hotels closed also in the first part of 2021, concentrated in major Italian cities and in some tourist areas, and made recourse to the Salary Integrity Fund for employees of the hotels closed. The other Group companies, active in other types of businesses and moreover with sizes that are not particularly relevant within the Group, saw no significant impacts on the Income Statement for the period.

As in 2020, in drafting the Consolidated Financial Statements at 31 December 2021, appropriate analyses were again conducted to carefully consider the consequences of COVID-19, particularly with regard to the measurement of assets pursuant to IAS 36 and the identification of any impact, as regards COVID-19-related risks and uncertainties, on the going concern assumption and on strategic planning.
In particular, the financial statement measurements to determine the recoverable amount of goodwill as part of the impairment testing procedure are based on long-term economic and financial projections developed to take into account the Budget approved by the Board of Directors for 2022, strategic actions defined also for subsequent years and the related market scenario impacted by the COVID-19 pandemic.

On the basis of the long-term economic and financial projections prepared on information currently available, taking into account the nature and characteristics of the Group's businesses, it is not considered that the effects of COVID-19 can compromise going concern.

Main initiatives of the Group in response to the health emergency in 2021

At operating level, the Group continued with its actions and initiatives already undertaken in the course of 2020, adapting and adding to them over time as the health emergency and related regulatory measures developed.
In particular, initiatives supporting customers and the agency network activated in the course of 2020 continued, as did the Group's careful and constant monitoring of the liquidity and solvency situation, with a view to allowing for the prompt activation of any risk profile optimisation actions.
In this context, with the aim of accelerating the national COVID-19 vaccination campaign and in coordination with the relevant national and regional institutions, the Unipol Group prepared a vaccination programme for all its employees, their family members, agents and agency personnel, as well as Groups and companies in the main Italian production industries, confirming Unipol's role as a central player in the process of integrating public and private healthcare.
This was the first vaccination programme developed by a company operating anywhere in Italy, with over 200 approved vaccination sites, 4 specialist hubs and over 11 thousand vaccines administered during the year in 8 regions.

For **employees**, the Group extended the strongly precautionary initiatives already implemented in 2020 to contain the risk of infection and guarantee business continuity with maximum protection for personnel. For example, restrictions on travel and all gatherings, intensification of office disinfection activities, expansion of flexible entry and exit times and the protection of people in vulnerable situations were all extended.
Remote working was also envisaged for most of the year, as well as daily monitoring by the Task Force and centralised management of office access authorisations. With a view to restoring normal working lives, from 4 November, in line with the recovery of all business and social activities in Italy, the Group organised a return to in-office activities. After significantly expanding the scope of protections envisaged by law and having agreed to requests for remote working from all personnel considered "vulnerable" (vulnerable health conditions, beneficiaries of protection under Art. 3, Law 104/92 or Law 68/99, exempt from the vaccination campaign, pregnant workers or with children up to 1 year of age, and the over-sixties), the return to in-office work involved around 70% of personnel.

In relation to the return to office working, numerous preliminary and control activities were carried out, such as:

- updating of the company COVID-19 Protocol consistent with legal changes and government protocol recommendations, also updating all training and education material and arranging its dissemination to all employees and external suppliers with access to company premises;
- activation of the Green Pass control system, differentiating methods according to the size and characteristics of the offices (automatic readers in offices with turnstiles, through appointed personnel at other offices), as well as verification and monitoring at all offices of the correct application and compliance with the COVID-19 Protocol with the involvement of internal and external personnel;
- prompt and widespread distribution of Personal Protection Equipment based on the plan for return to in-office working;
- management of health supervision consistent with ministerial indications, giving priority to close control requirements, prior to recruitments and returns after long absences;
- specific site inspections of all canteen premises, though managed by external suppliers, and company catering areas.

Aside from the prevention and management actions intended to limit the health emergency, the decision was made to provide a remote counselling service, due to the continuation of the pandemic, called "Parliamone" ("Let's Talk About It"), to support people in managing critical issues in their personal lives, which the extensive pandemic period may have caused to emerge or accentuated.
To support the national health service's management of positive cases, and with the aim of activating suitable preventive measures, a medical support phone service was established - managed by UniSalute - available to Group employees.

Completion of the sale of Torre Velasca

In February 2021, the sale of the property in Piazza Velasca, located in Milan (Torre Velasca) was finalised as the condition precedent was met following the Public Administration's failure to exercise pre-emption rights.
The sale price was €160m, resulting in a capital gain of roughly €71m.

Settlement agreement regarding pending legal cases for corporate liability action against former directors and statutory auditors

In March 2021, with reference to the corporate liability action against several former directors and statutory auditors, approved by the Shareholders' Meetings of Fondiaria-SAI and Milano Assicurazioni in the year 2013 and the relative pending legal cases, UnipolSai signed a settlement agreement with all defendants which fully defines the two liability actions. This settlement agreement, which came into effect following the approval by the Shareholders' Meeting of UnipolSai and the other plaintiff companies of the Unipol Group and executed in full in 2021, in both its economic and procedural parts, resulted in the recognition of a gain of €42m.
For more information on the terms and conditions of the above-mentioned agreement, please refer to the Information Document drafted pursuant to Art. 5 of the Related Party Transactions Regulation adopted by Consob with Resolution no. 17721 of 12 March 2010 as amended, provided on UnipolSai's institutional website.

Early repayment of UnipolSai subordinated loans maturing in 2021 and 2023

On 15 March and 28 April 2021, after obtaining the authorisation of the Supervisory Authority to exercise the right to early repayment on the part of the issuer, UnipolSai extinguished in full the subordinated loan (ISIN XS0130717134) for a nominal value of €300m, the contractual maturity of which had been scheduled for June 2021 and the subordinated loan (ISIN XS0173649798) in the residual nominal amount of €262m maturing in July 2023. The repayment of these loans is in line with a proactive debt management and aims to decrease the Company's financial leverage as a result of the issue of the RT1 instrument for a nominal value of €500m, finalised in the final quarter of 2020. In relation to the early repayment of the loans by UnipolSai, Unipol extinguished, for a residual nominal value equal to €268m, the outstanding loans previously granted by UnipolSai, when the latter had taken over the role of issuer of the subordinated loans originally issued by Unipol.

Exercise by UnipolSai of the tax realignment option (Decree Law no. 104/2020)

UnipolSai has taken advantage of the option set forth in Article 110, paragraph 8-bis of Decree Law 104/2020, which makes it possible to realign the values recognised for tax purposes of goodwill and other assets already recognised in the financial statements at 31 December 2019, to the values of such assets as set forth in the financial statements at 31 December 2020, against payment of a substitute tax of 3% of the higher value recognised for tax purposes. The realignment concerned goodwill for a value of €318m and real estate for a value of €24.8m, resulting in a substitute tax expense of €10.3m, to be paid in three annual instalments, the first of which was paid during the year.
As a result of the higher values recognised for tax purposes, UnipolSai achieved a benefit in terms of lower future IRES and IRAP taxes quantified at €104.6m and recognised in the income statement as an increase in net deferred tax assets. The net economic benefit recognised overall at 31 December 2021 therefore amounted to €94.3m.
The realignment of tax values entails the requirement of restricting a reserve subject to suspended taxation for €332.5m, in an amount corresponding to the higher values recognised for tax purposes net of the substitute tax due.

Acquisition by BPER of a Ubi Banca business unit

On 22 February 2021, the associate BPER's acquisition of a business unit comprising banking branches of UBI Banca, a transaction finalised under pre-existing arrangements with the Intesa Sanpaolo Group, became legally effective.

Equity investment in Banca Popolare di Sondrio SpA

In the first half of 2021, partly through a reverse accelerated book-building procedure (RABB) and partly through market purchases, UnipolSai purchased 40,289,500 ordinary Banca Popolare di Sondrio SpA shares, equal to 8.89% of BPS share capital, in June 2021 increasing its equity investment to 43,126,000 BPS shares (9.51% of BPS share capital), taking into account the investment previously held. The transaction is part of UnipolSai's strategy to contribute to the development plans of the Bank, which has been an industrial partner of the Unipol Group since 2010 in the Non-Life and Life bancassurance sector.

Fitch increases UnipolSai and Unipol ratings

On 10 June and 13 December 2021, the Fitch Ratings rating agency raised the Insurer Financial Strength Rating (IFSR) of UnipolSai Assicurazioni S.p.A. by two notches (from "BBB" to "A-") and the Long-Term Issuer Default Ratings (IDR) of Unipol Gruppo and UnipolSai (from "BBB-" to "BBB+"). These increases were due to the recognition of the validity of the strategy and results achieved by the Group, particularly with respect to the decrease in investment portfolio concentration risk and the resulting capital strengthening in 2020, as well as the upgrade in Italy's rating (BBB/stable outlook) on 3 December 2021.
As a result, the ratings of the debt issues all improved by two notches as well:

- the senior bonds of Unipol Gruppo SpA are now "BBB";
- the subordinated bonds of UnipolSai Assicurazioni SpA are now "BBB-";
- the RT1 perpetual subordinated bond of UnipolSai Assicurazioni SpA is now "BB".

The rating agency maintained the outlook of the above-mentioned ratings at "stable".

Advertising and Sponsorships

<u>UnipolSai Title Sponsor of the top basketball championship</u>
In **September 2021** the Serie A basketball championship began and, for the second season in its three-season sponsorship agreement with the Serie A Basketball League that started in 2020/21, UnipolSai was its Title Sponsor. UnipolSai was also awarded the Presenting Sponsorship for the Final Eight of the Italian Cup and the Supercup. Furthermore, it was also title sponsor for the 2021 LBA Awards presented by UnipolSai.

<u>Partnership between UnipolSai and Ducati Corse</u>
On 10 February 2021, UnipolSai confirmed its partnership that for the fifth consecutive year saw the company as the official sponsor of Ducati Corse in the MotoGP 2021 World Championship. The partnership with the Ducati Team entailed the UnipolSai brand appearing on the tail of the two red sport bikes of Borgo Panigale and on the team uniforms.

<u>UnipolSai and the European Swimming Championships</u>
At the European Swimming Championships held in May 2021 in Budapest, UnipolSai accompanied the entire Italian swimming team with its brand on the team kits, more precisely on 44 podiums in this edition, where Italy finished in third place on the medals list but was classified first in the total number on the podiums and in the country rankings.

<u>Partnership between Unipol and Cagliari Calcio</u>
During July 2021, Unipol launched a major long-term partnership with Cagliari Calcio, a sponsorship that envisages the acquisition of stadium naming rights, contributing to the development of the important urban, sports and social project represented by the new stadium, enhancing the area's heritage and resources, fostering economic and cultural growth, projecting the context of Sardinian entertainment and sport in a national and international dimension.

<u>UnipolSai presents "L'Italia che verrà – storie di aziende che progettano il futuro" (The Italy that will be - stories of companies designing our future)</u>
UnipolSai implemented a promotion project for businesses demonstrating success even during COVID-19 and have continued to invest, plan and programme. The intention of the initiative "L'Italia che verrà – storie di aziende che progettano il futuro" (The Italy that will be - stories of companies designing our future) was to strengthen relations with the world of Italian businesses, going beyond the broadly recognised role of insurance player to become an entity capable of accompanying companies on a path to growth and economic enhancement.

A.2 Underwriting performance

Lines of Business

The Group carries out insurance and re-insurance activities in both the Non-Life sector and the Life sector.

The tables below show the amounts recorded for premiums written, premiums earned, claims incurred, changes in other technical provisions and expenses, broken down by Group line of business, to match the quantitative model ("Quantitative Reporting Template" or "QRT") S.05.01.01 "Premiums claims and expenses by LoB", which can be found among the annexes of this report.

To provide a better understanding of the "underwriting performance" object of this disclosure with respect to data reported in the consolidated financial statements, we note the following:

- all items, reported below, are shown net of the amount ceded under re-insurance agreements;
- "premiums written" include the premiums written in the reference period, net of the reversals and profit participation, as well as reversals of premiums issued during the year;
- "premiums earned" include, in addition to premiums written, the change in pro rata premium provision and the provision for unexpired risks. For the Life business, the change in the provision for premiums brought forward is included;
- "claims incurred" includes all charges related to claims paid out and the change in the provision for direct reimbursements and expenses, while, in compliance with the specific directions provided by legal and regulatory provisions, this item does not include the settlement expenses and the corresponding change in the provision for settlement expenses. This item also includes contributions of a technical nature, such as, for example, the fund for victims of road accidents, the legal defence costs, the amounts recovered or to be recovered from third parties for deductibles and/or reimbursements and some specific technical charges that by nature may be treated as claim expenses (for example the contribution to the management of MV TPL claims);
- the "changes in other technical provisions" includes all other provisions not included in the previous item. For the Life business, the change in the mathematical provisions and the Class D provisions were also allocated to this item;
- the "expenses incurred" include all expenses of the period directly related to the specific activity such as the commissions and any other acquisition charge, collection commissions, administrative expenses, investment management charges, some technical charges that for their nature may be treated as expenses, for example convention costs, the CARD contributions and management rights, as well as the settlement expenses and the change in the corresponding provision for expenses as required by reference provisions;
- in the case of net gains (losses) and/or other income statement items (e.g. changes in provisions) that can take values both positive and negative, the negative figures represent a cost for the Group.

If it is believed to be useful for a clearer description, as required by Art. 307 of the Regulation, in the rest of the paragraph we will comment on the underwriting performance of the main LoBs, bringing their perimeters back to those identified on the basis of activity classes ("Classes") identified in the Insurance Code, Legislative Decree 7 September 2005, No. 209, Art. 2.

Non-Life insurance business

Non-Life direct premiums at 31 December 2021, amounting to €7,943m, were up slightly by 0.8% compared to the previous year (€7,882m at 31/12/2020), owing to the good results obtained by the Non-MV sector, which made it possible to absorb the decline seen in the MV sector.

Indeed, there was a 3.7% decrease in the MV sector on the figures recorded at 31 December 2020, with premiums equal to €3,838m, values which still reflected both the strong competition in this market and the measures adopted by the Group to protect customers. These include in particular the #UnMesePerTe initiative, which from April 2020 and throughout 2021, for customers who had not already made use of it on first renewal of the policy, offered UnipolSai customers a 1/12 discount (one month) in the premium previously paid.

Non-MV premiums were up, to €4,105m (+5.3% compared to 2020) due to the country's economic recovery, the commercial drive applied by the sales networks for these products and customers' ongoing interest in health products, a segment in which the Group has a leadership position.

In 2021, although the year was still impacted by the pandemic, travel restrictions had a reduced impact on the claims trend compared to the previous year.
The direct business "combined ratio" (including oti ratio), which also includes operating expenses, came to 92.5% of premiums for the year, against 84.5% at 31 December 2020.

We describe below the qualitative and quantitative results of the underwriting activities of the Group, both at the aggregate level, and by line of business / geographic area in which the activities were carried out during the reference period.

Non-life underwriting performance

Amounts in €k	Line of business	Premiums written (a)	Premiums earned (b)	Claims incurred (c)	Changes in other techcnical provisions (d)	Expenses incurred (e)	Other expenses (f)	Underwriting performance (g)=(b)-(c)+(d)-(e)-(f)
Insurance and reinsurance obligations (direct business and accepted proportional reinsurance)	1- Medical expense insurance	771,307	770,470	512,264	(31)	187,810		70,365
	2-Income protection insurance	684,638	681,046	299,111	100	297,231		84,803
	3-Workers' compensation insurance							
	4-Motor vehicle liability insurance	3,031,330	3,151,294	2,020,409	89	993,584		137,390
	5- Other motor insurance	847,881	805,322	480,090	108	297,631		27,709
	6-Marine, aviation and transport insurance	59,019	60,500	33,391	24	29,379		(2,246)
	7-Fire and other damage to property insurance	1,196,336	1,172,996	708,879	(32)	566,803		(102,719)
	8-General liability insurance	699,229	691,152	292,370	1	299,651		99,131
	9-Credit and suretyship insurance	25,057	30,045	(13,193)	(3,173)	3,872		36,193
	10-Legal expenses insurance	21,761	19,978	(2,039)		(17,660)		39,678
	11-Assistance	227,079	221,399	63,601	(145)	119,939		37,714
	12-Miscellaneous financial loss	78,327	70,106	21,632	138	25,306		23,307
Accepted non-proportional reinsurance	13- Health	546	555	252		77		227
	14-Casualty	64,288	64,258	45,803		9,710		8,745
	15-Marine, aviation and transport	(72)	(72)	86		1		(159)
	16-Property	48,656	48,353	107,027		7,381		(66,055)
	Total	**7,755,383**	**7,787,404**	**4,569,684**	**(2,921)**	**2,820,717**		**394,082**

Non-life underwriting performance 2021 and 2020

Amounts in €k	Line of business	Underwriting performance 2021	Underwriting performance 2020	Change on 2020
Insurance and reinsurance obligations (direct business and accepted proportional reinsurance)	1- Medical expense insurance	70,365	100,942	(30,577)
	2-Income protection insurance	84,803	107,255	(22,452)
	3-Workers' compensation insurance			
	4-Motor vehicle liability insurance	137,390	457,591	(320,200)
	5- Other motor insurance	27,709	113,292	(85,583)
	6-Marine, aviation and transport insurance	(2,246)	3,379	(5,626)
	7-Fire and other damage to property insurance	(102,719)	(3,722)	(98,997)
	8-General liability insurance	99,131	108,411	(9,279)
	9-Credit and suretyship insurance	36,193	(8,025)	44,218
	10-Legal expenses insurance	39,678	39,069	608
	11-Assistance	37,714	42,828	(5,115)
	12-Miscellaneous financial loss	23,307	32,422	(9,115)
Accepted non-proportional reinsurance	13- Health	227	90	136
	14-Casualty	8,745	3,844	4,901
	15-Marine, aviation and transport	(159)	(744)	585
	16-Property	(66,055)	(6,651)	(59,404)
	Total	**394,082**	**989,982**	**(595,900)**

Premiums written, equal to €7,755,383k (€7,657,816k at 31/12/2020), correspond to the amount of premiums related to proportional direct and indirect business (€7,641,964k compared to €7,562,083k at 31/12/2020) and non-proportional indirect business (€113,419k compared to €95,733k at 31/12/2020).

Premiums earned, equal to €7,787,404k (€7,591,477k at 31/12/2020), correspond to the amount of premiums related to proportional direct and indirect business (€7,674,308k compared to €7,491,704k at 31/12/2020) and proportional indirect business (€113,095k compared to €99,773k at 31/12/2020).

Claims incurred were €4,569,684k (€3,836,846k at 31/12/2020), with €4,416,515k related to proportional direct and indirect business (€3,747,735k at 31/12/2020) and €153,168k related to proportional indirect business (€89,111k at 31/12/2020). In terms of claims, as noted above, the slowdown in road traffic triggered by the measures for the containment of the COVID-19 pandemic required during the two waves in the course of 2020 had a positive effect.

There were no significant variances in the change in the component of other technical provisions.

Expenses incurred were €2,820,717k, up slightly compared with the figure from the previous year (€2,760,982k), of which:

- administrative expenses for €426,139k (€406,204k at 31/12/2020);
- expenses for the management of investments for €27,419k (€26,714k at 31/12/2020);
- expenses for the management of claims for €495,415k (€455,067k at 31/12/2020);
- acquisition costs were €1,350,696k (€1,344,388k at 31/12/2020), of which €111,582k relating to indirect business, net of the reinsurers' share equal to €219,886k (€211,727k at 31/12/2020);
- overheads for €521,048k (€528,608k at 31/12/2020).

Overall, the Non-Life business had positive underwriting performance of €394,082k (€989,982k at 31/12/2020), the breakdown by LoB of which is shown in the previous tables.
We provide below some brief comments on the underwriting performance of the main LoBs.

The positive performance in LoB 1 and LoB 2, even if it is down compared to the previous year, reflected, albeit with a different segmentation, the favourable performance of the Accident and Health Classes. In particular, Accident premiums were basically aligned with the previous year: in fact, the class continued to suffer from the effects of the COVID emergency, particularly in the first half of the year.
In the retail segment, there was a negative balance between the number of newly issued contracts and those that expired, although the numerous commercial initiatives activated generated satisfactory results, managing to provide a positive contribution to new business and support retention.
In the collective cover segment referring to significant customers, expiries were basically offset by new acquisitions. To offset the decline recorded in the first part of the year due to the pandemic, in certain cases economic relief was granted, in the form of discounts as well as insurance premium payment extensions.
The total claims cost recorded an increase compared to 2020.

The Health class closed with premiums up compared to the previous year, especially thanks to the two initiatives linked to "Canvass Salute" and the new UnipolSai Salute 360° modular product. Incentives to the distribution network also contributed towards supporting business, offsetting the lower premiums referring to temporary COVID products, down in 2021 compared to 2020.
With respect to claims, the increase in the number of claims reported and as a result the relative cost depends on two factors:

- the 2020 lockdowns entailed a generalised decline in healthcare services and, furthermore, in 2021 services resumed at an increased pace, to make up for those suspended in 2020;
- claims from home quarantine, cover that the Company provided to the majority of its policyholders in March 2020, were paid out in the first half of 2021. Please note that, in the second half of 2021, the Company discontinued its offer of free home quarantine cover and, therefore, there was a proportionate reduction in the number of claims reported compared to the first half of 2021.

The factors cited above caused a deterioration in the class's technical balance.

The positive underwriting performance of €137,390k (€457,591k in 2020) for LoB 4 (Motor vehicle liability insurance), corresponding to Class 10 (Land Vehicle TPL), was down compared to the previous year due to a decline in premiums determined by the constant fall in the average premium which, however, saw a slowdown in the falling trend in the second half of the year.
The number of vehicles insured in the single policy segment declined, primarily as a result of a lower contribution of new business. Instead, the growth recorded in the company car fleets segment, consistent with market trends, which reward innovative vehicle use methods (long-term rental and car sharing in particular), made it possible to ensure the overall stability of the portfolio.
The number of claims reported increased compared to the previous year, but is still down compared to 2019, due to the measures linked to the pandemic crisis. Trends in claims reported and the average cost triggered growth in the overall cost compared to 2020, although it remained lower than in 2019.

The substantial decrease in the result obtained by LoB 5 (Other motor insurance), corresponding to Class 3 (Land Vehicle Hulls), amounting to €85,583k, is attributable to the increase in claims.
The number of claims and the relative cost rose significantly, largely due to strong hail in the summer months, which caused a deterioration in the technical result, which in any event was confirmed as positive.
2021 closed with further growth in premiums, linked to a positive trend in individual as well as cumulative policies. The increase in the number of contracts in the portfolio and recovery of the average premium, particularly on certain significant guarantees, such as Natural Events, are among the key factors affecting the growth in premiums.

For LoB 7 (Fire and other damage to property), corresponding to Class 8 (Fire) and Class 9 (Other damage to property), the negative underwriting performance was primarily due:

- as regards the Fire class, the sizeable increase in premiums compared to 2020 was confirmed in 2021, regarding both the Individuals line and the Businesses segment. The substantial increase in premiums regards in particular larger businesses, due to a general increase in tariffs on policies already in the portfolio and the acquisition of new risks in the market. With respect to individual and SME cover, the increase in premiums was instead more limited.
  As regards claims, they were down significantly in terms of number of claims as well as the amount of claims paid, essentially due to the decrease in damages from weather events, while the increase in the overall cost, caused by the increased weight of significant claims, led to a deterioration in the class's technical result;

- In the Other damage to property class, the general increase in premiums was confirmed, involving both the residences sector and the contracts sector, supported in large part by the Superbonus 110% which drove private building development.
  Claims in all class sectors were down, while there was an increase in the overall cost of claims, also due to the deterioration in the Hail segment.

With reference to LoB 8, corresponding to Class 13 (General TPL), premiums were up thanks to activities linked to the 110% Superbonus certification segment and the recovery in the Corporate segment.
The decline in the effects of the pandemic resulted in a recovery in certain activities, with an ensuing increase in the number of claims reported and the relative costs.
The class result was confirmed as positive, as a result of the recovery policies enacted and the careful risk selection policy.

Lob 9, which corresponds to Classes 14 and 15 (Credit and Bonds), recorded a significant increase in the positive result for 2021, due to a notable recovery in premiums, attributable first and foremost to the market trends characterised by a high number of tenders called, also as part of the so-called PNRR (National Recovery and Resilience Plan). Investments also resumed in the real estate sector, with the resulting new request for sureties for agreements with municipal authorities and to counter-guarantee advances paid by promissee buyers.
Settlements for the year were also down considerably, despite several enforcements linked to the energy supply world, given the anomalous trends recorded in that market in the second half of 2021.

Assistance (LoB 11), corresponding to the comparable Class 18, thanks to the revision of the content of the products offered and increasing tariff personalisation, as well as initiatives intended to limit the costs of services, closed 2021 continuing with the trend of improvement in its main quality indicators and in line with the profitability recovery plans aiming to bring it back to the best market levels.
The year closed with premiums up, due to the increase in the average premium, while the increase in claims reported as well as costs was due to the rebound compared to the reductions observed in 2020 triggered by pandemic-linked restrictions. The class's result was confirmed as positive and improving over previous years.

Life insurance business

In 2021, the Unipol Group recorded total premiums (direct and indirect business) of €5,386m (+24.4% compared to €4,328m in 2020). A summary of the performances of the main Group companies is provided below.

With reference to **UnipolSai**, the individual policy sector recorded a 9.2% decrease compared to 31 December 2020, which had benefited from a number of non-recurring contracts for significant amounts.
Please also note that premiums for single-premium revaluable products remained limited to customers reinvesting sums deriving from the benefits due from the Company on the basis of other insurance contracts. Again in the individual sector, Class IV premiums continued to increase (+27.3%), which shows the growing interest in products with long-term care coverage. Class III premiums increased (+64.7%) as a result of the good performance of the Multi-segment and Unit-linked products.

The increase in first year premiums compared to the previous year (+20.4%) can be attributed to a general growth in business across all classes: Class I premiums increased by 12.4%, Class III by 52.3% and Class IV by 77.2%.

Premiums on collective policies showed a slight decrease compared with the same period of the previous year (-4.7%), due entirely to Class VI (-17.4%).

In the bancassurance channel, **Arca Vita** and its subsidiary **Arca Vita International** recorded premiums (including investment products) amounting to €2,423m (€1,140m at 31/12/2020). The volume of total investments reached the amount of €13,894m (€12,473m at 31/12/2020). The profit of Arca Vita, net of dividends collected from the subsidiaries, was €39.4m (up compared to €31.4m recognised at 31/12/2020), and that of Arca Vita International was €0.8m (€1.3m at 31/12/2020).

BIM Vita recorded a profit of roughly €1.9m at the end of 2021, up compared to 31 December 2020 (€1.5m). Gross premiums written amounted to around €51m (approximately €46m at 31/12/2020). The volume of total investments reached the amount of €704m (€675m at 31/12/2020).

Life underwriting performance

Amounts in €k	Line of business	Premiums written (a)	Premiums earned (b)	Claims incurred (c)	Changes in other techcnical provisions (d)	Expenses incurred (e)	Other expenses (f)	Underwriting performance (g)=(b)-(c)+(d)-(e)-(f)
Life insurance obligations	1-Health insurance							
	2-Insurance with profit participation	3,496,395	3,499,755	2,401,499	(1,729,880)	273,313		(904,938)
	3-Index-linked and unit-linked insurance	1,704,606	1,704,606	814,746	(1,199,827)	70,231		(380,198)
	4-Other life insurance	168,009	164,357	54,415	(21,193)	43,035		45,713
	5-Annuities stemming from non-life insurance contracts and relating to health insurance obligations							
	6-Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations							
Life reinsurance obligations	7-Health reinsurance							
	8-Life reinsurance	261	260	861	600	154		(155)
	Total	**5,369,271**	**5,368,978**	**3,271,521**	**(2,950,300)**	**386,734**		**(1,239,578)**

Life underwriting performance 2021 and 2020

Amounts in €k	Line of business	Underwriting performance 2021	Underwriting performance 2020	Change on 2020
Life insurance obligations	1-Health insurance			
	2-Insurance with profit participation	(904,938)	(1,047,553)	142,615
	3-Index-linked and unit-linked insurance	(380,198)	(182,802)	(197,397)
	4-Other life insurance	45,713	66,582	(20,868)
	5-Annuities stemming from non-life insurance contracts and relating to health insurance obligations			
	6-Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations			
Life reinsurance obligations	7-Health reinsurance			
	8-Life reinsurance	(155)	(26)	(129)
	Total	**(1,239,578)**	**(1,163,799)**	**(75,779)**

Premiums written, equal to €5,369,271k (€4,312,540k at 31/12/2020), consisted of premiums related to direct business (€5,369,011k compared to €4,312,250k at 31/12/2020) and premiums related to indirect business (€261k compared to €290k at 31/12/2020).

Premiums earned amounted to €5,368,978k (€4,316,912k at 31/12/2020), of which €5,368,718k relating to direct business (€4,316,616k at 31/12/2020) and €260k relating to indirect business (€296k at 31/12/2020).

Claims incurred were €3,271,521k (€4,346,698k at 31/12/2020), with €3,270,660k related to direct business (€4,346,009k at 31/12/2020) and €861k related to indirect business (€689k at 31/12/2020).
The decrease in other provisions totalled -€2,950,300k (-€796,556k at 31/12/2020).

The "expenses incurred" were €386,734k (€337,457k at 31/12/2020) and included:
- administrative expenses for €113,766k (€93,905k at 31/12/2020);
- expenses for the management of investments for €105,498k (€97,016k at 31/12/2020);
- expenses for the management of claims for €4,609k (€4,289k at 31/12/2020);
- acquisition costs for €64,349k (€46,386k at 31/12/2020), net of the reinsurers' share equal to €2,320k (€3,119k at 31/12/2020);
- overheads for €98,512k (€95,861k at 31/12/2020).

On the whole, the Life business recorded a net loss of €1,239,578k (negative €1,163,799k at 31/12/2020), determined by a negative underwriting performance equal to €904,938k for the LoB "Insurance with profit participation" (Class I and Class V), a negative €380,198k of the LoB "Index-linked and unit-linked insurance" (Class III and VI) and a positive result of €45,713k from the LoB "Other life insurance" (Class IV). Lastly, the result of indirect business, completely marginal in the Life segment, was negative for €155k.

We note that, as required by legal and regulatory provisions, the positive and negative income items that produce the net underwriting performance of the Life business do not include the income of the financial assets to which the revaluation of the services provided to policyholders is linked, which helped determine the result of the investment activity discussed in Paragraph A.3 'Investment performance' below.

The policies in the LoB Insurance with profit participation, which record premiums written equal to €3,496,395k (€2,937,280k at 31/12/2020), have the most significant impact on total premiums of the Life business, showing the preference of customers for products offering financial protection such as the revaluable products.

The LoB Index-linked and unit-linked insurance, with premiums written for €1,704,606k (€1,228,622k at 31/12/2020), includes the activity for the management of mutual funds created for the provision of services in the case of death, in the case of life or in the case of discontinuance or curtailment of work activity and the insurance on the length of human life, whose main benefits are directly linked to the value of units of a UCITS, or the value of the assets in an internal fund or else to an index or other reference values.

The LoB Other life insurance also includes the premiums, claims, provisions and expense components deriving from "temporary insurance in the event of death", as required by regulations.

Geographic areas

As regards direct business, for all lines of business specified in Annex I to the Delegated Regulation (EU) 2015/35, information must be broken down by the country in which the contract was concluded, which is understood to be:
a) the country in which the insurance company is located (country of origin), if the contract was not sold through a branch or under the freedom to provide services;
b) the country in which the secondary office is located (host country), if the contract was sold through a branch;
c) the country in which the freedom to provide services was notified (host country), if the contract was sold under the freedom to provide services.

Unlike what is specified above, direct insurance activity for LoB 1 Medical expense (Classes 1 and 2), LoB 2 Income protection (Classes 1 and 2), LoB 7 Fire and other damage to property (Classes 8 and 9) and LoB 9 Credit and suretyship (Classes 14 and 15), is reported by the country in which the risk is located.

For proportional and non-proportional re-insurance, the information is provided according to the country in which the transferring company is located.

We note, in this regard, that the Group carries out its insurance activity almost exclusively in Italy.

A.3 Investment performance

Investment performance in 2021

As far as **financial investment management** is concerned, in 2021 the gross profitability of the Group's insurance financial investment portfolio continued to be influenced by market interest rates that remain at low values, but in any event obtained a yield of 3.1% of the invested assets (2.9% at 31/12/2020), of which 2.9% relating to the coupons and dividends component.

Again in 2021, in line with previous years, investment policies adopted the general criteria of prudence and of preserving asset quality over the medium/long term.
In this regard, operations were geared towards reaching profitability targets consistent with the asset return profile and with the trend in liabilities over the long-term, as well as the maintenance of a high-quality portfolio through a process of selecting issuers on the basis of their diversification and strength, placing particular attention on the liquidity profile.

Transactions in the **bond segment** concerned Italian government bonds and non-government bonds, applying a medium/long-term investment approach.
During 2021, a prudent approach was maintained with respect to bonds, assuming a positioning consistent with a context of an increase in interest rates and growing inflation. The decision was also made to maintain a consistent amount of liquidity, or cash securities, to offset the increase in securities which by their very nature have limited liquidity, such as alternative funds. Throughout 2021, the requalification of exposure to bonds of government issuers continued.

The non-government bond component recorded an increase in exposure in the Life segment (for €327m) and in the portfolio of the holding (for €25m), while there was a reduction of €64m in the Non-Life segment. Sales concerned primarily financial issuers in the category of subordinated securities and were intended to reduce the portfolio risk profile, also in view of the now upcoming transition to the new accounting standard IFRS 9.

The fixed rate and floating rate components of the bond portfolio amounted to 89.3% and 10.7% respectively. The government component accounted for approximately 62.4% of the bond portfolio whilst the corporate component accounted for the remaining 37.6%, split into 26.6% financial and 11% industrial credit.

88.9% of the bond portfolio was invested in securities with ratings above BBB-. 7.6% of the total is positioned in classes rated AAA and AA-, while 18.7% of securities had an A rating. The exposure to securities in the BBB rating class was 62.7% and includes Italian government bonds, which make up 44% of the total bond portfolio.

Share exposure rose in the course of 2021 by around €558m. Purchases concerned securities of issuers diversified in terms of both sector criteria and geographic factors, reducing the exposure to ETFs (Exchange Traded Funds) and privileging single stock purchases. The equity instruments belong to the main developed country share indexes.

Strategies in options (calls and call spreads) at 3 and 5 years were also carried out, replicating the acquisition of the Eurostoxx50 index, for a total value of roughly €500m. This strategy makes it possible to benefit from any market increase over the next 5 years, limiting negative impacts to only the expense incurred for the acquisition of the premium.

Exposure to **alternative funds**, a category that includes Private Equity Funds, Hedge Funds and investments in Real Assets, amounted to €1,573m, an increase by approximately €408m compared to 31 December 2020.

Currency transactions were carried out mainly to hedge the currency risk of outstanding equity and bond positions.

The breakdown of current gains (losses) on investments and financial income (charges) and gains and losses on trading are shown in the tables below.

Note that net gains at 31 December 2021 include the net gains for €143m deriving from the pro-rata consolidation of BPER Banca's result, in turn affected by extraordinary accounting items following the acquisition in the first half of the

year of former UBI Banca and Intesa Sanpaolo business units and the recognition of costs for optimisation of the workforces.

Realised income and charges

	Amounts in €k	Interests	Other income	Other charges	Reaised gains	Realised losses	Total realised gains and losses (1) 2021	Total realised gains and losses (1) 2020	Var.%
	Balance on investments	**1,431,915**	**467,937**	**(201,113)**	**406,717**	**(248,747)**	**1,856,708**	**1,573,796**	**18.0**
a	Arising from investment property		69,911	(24,770)	73,796	(563)	118,374	43,219	173.9
b	Arising from investments in subsidiaries, associates and interests in joint ventures		152,641	(1,561)			151,080	18,888	699.9
c	Arising from held-to-maturity investments	17,301					17,301	18,383	(5.9)
d	Arising from loans and receivables	125,078			520	(387)	125,210	26,557	371.5
e	Arising from financial assets at amortised cost	18,120			31,548	(8,885)	40,782	49,038	(16.8)
f	Arising from available-for-sale financial assets	1,213,576	157,157	(2,080)	164,192	(114,808)	1,418,038	1,431,758	(1.0)
g	Arising from financial assets at fair value through OCI	7,737	4,308	(196)	622	(466)	12,004	10,536	13.9
h	Arising from held-for-trading financial assets	2,699	61,574	(93,393)	45,243	(85,024)	(68,901)	(14,004)	(392.0)
i	Arising from financial assets at fair value through profit or loss	46,545	21,676	(79,048)	61,619	(30,332)	20,461	(14,479)	241.3
l	Arising from financial assets mandatorily at fair value	859	669	(65)	29,178	(8,281)	22,360	3,900	473.4
	Balance on cash and cash equivalents	**877**		**(28)**			**848**	**1,223**	**(30.6)**
	Total	**1,432,791**	**467,937**	**(201,141)**	**406,717**	**(248,747)**	**1,857,557**	**1,575,019**	**17.9**

Unrealised income and charges

		Unrealised gains		Unrealised losses		Total unrealised gains and losses (2)	Total unrealised gains and losses (2)	
	Amounts in €k	Unrealised capital gains	Write-backs	Unrealised capital losses	Impairment	2021	2020	Var.%
	Balance on investments	**667,001**	**10**	**(325,768)**	**(75,607)**	**265,636**	**77,382**	**243.3**
a	Arising from investment property			(49,664)	(42,521)	(92,186)	(33,300)	(176.8)
b	Arising from investments in subsidiaries, associates and interests in joint ventures							
c	Arising from held-to-maturity investments							
d	Arising from loans and receivables		10			10	12	(14.4)
e	Arising from financial assets at amortised cost				(25,763)	(25,763)	(25,203)	(2.2)
f	Arising from available-for-sale financial assets	19,335		(159,968)	(7,096)	(147,728)	220,664	(166.9)
g	Arising from financial assets at fair value through OCI	633			(228)	405	(997)	140.6
h	Arising from held-for-trading financial assets	201,814		(16,070)		185,744	(254,718)	172.9
i	Arising from financial assets at fair value through profit or loss	444,089		(99,849)		344,241	171,642	100.6
l	Arising from financial assets mandatorily at fair value	1,129		(216)		912	(717)	227.3
	Balance on cash and cash equivalents							
	Total	**667,001**	**10**	**(325,768)**	**(75,607)**	**265,636**	**77,382**	**243.3**

Total gains and losses

Amounts in €k		Total gains and losses (3)=(1)+(2) 2021	Total gains and losses (3)=(1)+(2) 2020	Var.%
Balance on investments		**2,122,345**	**1,651,178**	**28.5**
a	Arising from investment property	26,188	9,918	**164.0**
b	Arising from investments in subsidiaries, associates and interests in joint ventures	151,080	18,888	**699.9**
c	Arising from held-to-maturity investments	17,301	18,383	**(5.9)**
d	Arising from loans and receivables	125,220	26,569	**371.3**
e	Arising from financial assets at amortised cost	15,020	23,836	**(37.0)**
f	Arising from available-for-sale financial assets	1,270,310	1,652,422	**(23.1)**
g	Arising from financial assets at fair value through OCI	12,409	9,539	**30.1**
h	Arising from held-for-trading financial assets	116,843	(268,722)	**143.5**
i	Arising from financial assets at fair value through profit or loss	364,701	157,163	**132.1**
l	Arising from financial assets mandatorily at fair value	23,272	3,183	**631.2**
Balance on cash and cash equivalents		**848**	**1,223**	**(30.6)**
Total		**2,123,193**	**1,652,401**	**28.5**

Expenses and income recognized directly in shareholders' equity

Amounts in €k	2021 (4)	2020 (4)	Var.%
Gains/losses on available-for-sale financial assets	(42,936)	231,222	**(118.6)**
Gains or losses on financial assets (other than equity instruments) at fair value through OCI	(249)	10,685	**(102.3)**
Gains/losses on cash flows hedges	(42,140)	4,203	**(1,102.6)**
Change in the shareholders' equity of the investees	3,537	15,184	**(76.7)**
Total	**(81,788)**	**261,294**	**(131.3)**
Total investment income and charges (3) + (4)	**2,041,404**	**1,913,695**	**6.7**

Investment in securitisations

We provide below the amount of the investments in securitisations, divided by rating, recognised in the consolidated financial statements at 31 December 2021[3].

Rating on investments in securitisations

Amounts in €k	2021	2020	Change on 2020
AA	360	700	(340)
A			
BBB			
< BBB			
-		182	(182)
Total investments in securitisations	**360**	**881**	**(521)**

[3] The value reported is the carrying amount inclusive of the accrued coupon rate.

The following table provides details on the financial income and charges recognised in the consolidated financial statements at 31 December 2021 with regard to securitisation transactions:

Income and charges on investments in securitisations

Amounts in €k	2021	2020	Change on 2020
Financial income	5	53	(48)
(Financial charges)	(97)		(97)
Financial income (charges)	**(92)**	**53**	**(145)**

As shown by the tables above, investments in securitisations represent an insignificant portion of the total portfolio of financial assets of the Group.

A.4 Performance of other activities

We provide below a breakdown of other significant income and charges, which were not already included in Par. A.2 and A.3 above.

Other income

	FY	FY	Variation 2021/2020	
Amounts in €k	2021	2020	amount	% Var.
Commission income	45,343	34,436	*10,907*	*31.7*
Other technical income	78,605	77,672	*933*	*1.2*
Other income	865,339	746,211	*119,127*	*16.0*
Total other income	**989,287**	**858,320**	***130,967***	***15.3***

At 31 December 2021, the item "Total other income" was equal to €989,287k (€858,320k at 31/12/2020).

The item "Commission income" consisted in particular of commissions on investment contracts (deferred fees) of €32,601k (€24,223k as at 31/12/2020).

Other technical income for €78,605k (€77,672k at 31/12/2020) consisted of €12,504k (€13,377k at 31/12/2020) for commissions on premiums of previous years cancelled, €54,455k (€56,461k at 31/12/2020) for other technical income from direct business and €11,646k from the reinsurance business (€7,835k at 31/12/2020).

The item "Other income" included in particular the typical revenue of the Group's non-insurance companies.

Other charges

	FY	FY	Variation 2021/2020	
Amounts in €k	2021	2020	amount	% Var.
Commission expenses	37,403	20,448	*16,955*	*82.9*
Impairment losses on receivables	16,967	16,345	*623*	*3.8*
Interest expense	160,750	163,520	*(2,771)*	*(1.7)*
Other technical charges	272,710	302,979	*(30,269)*	*(10.0)*
Sundry charges	828,433	807,803	*20,629*	*2.6*
Total other charges (different from taxes)	**1,316,263**	**1,311,095**	***5,168***	***0.4***
Taxes	154,552	161,718	*(7,166)*	*(4.4)*
Total other charges	**1,470,815**	**1,472,813**	***(1,998)***	***(0.1)***

The item "Commission expense" consisted in particular of €30,158k relating to deferred acquisition costs on investment contracts (€14,762k at 31/12/2020).

Interest expense included in particular €159,361k regarding interest on subordinated and non-subordinated loans (€161,200k at 31/12/2020).

Other technical charges for €272,710k (€302,979k at 31/12/2020), consisted of €95,288k (€109,710k at 31/12/2020) for write-downs on premiums of previous years, €169,274k (€187,562k at 31/12/2020) for other technical charges from direct business and €8,148k (€5,708k at 31/12/2020) from expenses concerning the reinsurance business.
The item "Sundry charges" included, inter alia, the typical charges of the Group's non-insurance companies. In particular, it included costs for operating expenses in the holding and other businesses sector of €176,094k (€141,615k at 31/12/2020) and the real estate sector equal to €34,906k (€31,019k at 31/12/2020).

The balance of taxes included current tax charges of €220,995k (€30,624k at 31/12/2020), relating to IRES and IRAP for the year, in addition to the negative net balance of deferred taxation, equal to €66,443k (positive €131,093k at 31/12/2020).

A.5 Any other information

Note that there is no significant information to report in addition to that already illustrated in previous paragraphs.


CENTRI CRISTAL

B

SYSTEM OF GOVERNANCE

B System of governance

B.1 General information on the system of of governance

B.1.1 Tasks and responsibilities of Board of Directors

In compliance with IVASS Regulation No. 38 of 3 July 2018 ("Regulation 38"), Unipol Gruppo, also as the Italian ultimate parent company of the Unipol Group, on the basis of the annual self-assessment process pursuant to the IVASS Letter to the Market of 5 July 2018, has adopted a "reinforced" type corporate governance system, deemed most suited for the sound and prudent management of the Company.

Note that the Company has adopted corporate governance mechanisms compliant with the principles contained in the Corporate Governance Code of listed companies promoted by Borsa Italiana SpA ("Corporate Governance Code") and inspired more generally by international best practices, already compliant with the requirements of the above-mentioned regulation for companies with a "reinforced" type corporate governance system.

The governance structure of Unipol is based on a traditional model, with a Board of Directors (which operates with the support of board committees, with power to provide opinions and make proposals) and a Board of Statutory Auditors, with functions of administration control, both appointed by the shareholders' meeting. The statutory audit is entrusted to an audit firm registered in the appropriate register, appointed by the Shareholders' Meeting taking into account the reasoned recommendation by the Board of Statutory Auditors.

Shareholders' Meeting
The Shareholders' Meeting is the body that expresses the will of the company. Its resolutions are adopted in compliance with law and the By-Laws, and are binding on all Shareholders, including those absent or dissenting.
Aside from the duties and responsibilities set forth in the By-Laws and regulatory provisions, the Ordinary Shareholders' Meeting also establishes the compensation due to members of the bodies it has appointed and approves, inter alia, the remuneration policies, including of the Group. In order to incentivise medium/long-term investment in the Company by Shareholders, in 2020 the Extraordinary Shareholders' Meeting of Unipol introduced the increased vote pursuant to Art. 127-quinquies of Italian Legislative Decree No. 58 of 24 February 1998 as amended. Specifically, two votes are attributed for each share held by the Shareholder who has requested registration in a dedicated special list - managed and updated by the Company - and has maintained it for a continuous period of at least 24 months starting from the date of registration on that list.

Board of Directors
The By-Laws give the management of the Company to a Board of Directors, with no less than 15 and no more than 25 members, appointed by the Shareholders' Meeting, which sets their number. They must meet the legal and regulatory requirements set by applicable legal and regulatory provisions.
Directors are in office for three years, or for the shorter period set by the Shareholders' Meeting at the time of their appointment, and may be re-elected.
The Ordinary Shareholders' Meeting of 18 April 2019 has, most recently, appointed the Board of Directors of the Company, consisting of 19 members[4], giving them a mandate of three years and, therefore, up to the Meeting called to approve 2021 financial statements.
The Board of Directors is vested with the broadest powers for the ordinary and extraordinary administration of the Company. Therefore, it can carry out all acts, including disposals, that it deems appropriate to achieve the corporate purpose, excluding only those that the law expressly places under the responsibility of the Shareholders' Meeting.
In line with the principle of centrality of the Board, Art. 13 of the By-Laws attributes responsibility to the Board of Directors to resolve on, inter alia:

i. mergers and demergers with subsidiaries, in cases permitted by legislation;
ii. share capital reductions in the case of withdrawal of a Shareholder;
iii. amendments to the By-Laws to comply with legal provisions;
iv. the issuing of non-convertible bonds.

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

[4] As at the date of this Report, the Board of Directors had 18 members, following the untimely death of a Director.

a) reviews and approves the strategic, financial and business plans of the Company and the Group, taking into account the long-term financial interests and solvency of the Group itself, regularly monitoring their implementation;
b) defines the corporate governance system, the corporate structure and the governance models and guidelines of the Group, reviewing them at least once per year and guaranteeing their overall consistency.
In this regard, it defines:
   i. the tasks, responsibilities and functioning methods of the corporate bodies, the board committees and the Key Functions (the Internal Audit, Risk Management, Compliance and Actuarial Functions);
   ii. the information flows - including timing - and the nature and frequency of reporting between the Key Functions and the various Group functions, the board committees and between them and the corporate bodies of Unipol;
   iii. the method of coordination and collaboration, if the activity remits have areas of potential overlap or make it possible to create synergies;
   iv. the methods of liaising and collaborating with the corporate bodies and the Key Functions of the insurance companies belonging to the Group and cooperating with the corporate bodies and the functions of the other Group companies;
   v. the nature and level of risk consistent with the strategic objectives of the Group, including in its valuations all the risks that may assume importance in light of the medium to long term sustainability of the Company's and Group's business;
c) defines the business model, being aware of the risks to which this model exposes the Company and understanding the ways in which the risks are observed and assessed, ensuring that the structure of the Company is consistent with the activity carried out and with the business model adopted, avoiding the creation of complex structures not justified for operating purposes;
d) approves the organisational, administrative and accounting structure of the Parent Company and evaluates the adequacy of the Group structure, particularly with regard to the internal control and risk management system;
e) approves the Group's policies, ensuring the appropriate involvement of the administrative body of the subsidiaries and handling the relative transmission within the Group, all while guaranteeing that they are implemented by the insurance companies and consistently applied by the other Group companies;
f) appoints one or more Directors responsible for the internal control and risk management system chosen among its members;
g) also in exercising its management and coordination activities with regard to the subsidiaries:
   - approves, after review by the Group's Risk Committee and the Parent Company's Sustainability Committee, the Sustainability Policy, taking into account the activities, risks and stakeholders of each subsidiary;
   - guarantees consistency between the Sustainability Policy and the Specific risk management policies;
   - approves, after review by the Parent Company's Sustainability Committee, insofar as it is responsible, the Integrated Report and the Non-Financial Statement it contains;
h) after hearing the opinion of the Control and Risk Committee:
   - defines the reference guidelines of the internal control and risk management system, so that the main risks relating to the Company and the Group are correctly identified and adequately measured, managed and monitored, also verifying the compatibility of these risks with a management of the company which is consistent with the identified strategic objectives, including of the Group;
   - assesses, at least once a year, the current and future adequacy of the internal control and risk management system with respect to the features of the Parent Company and the Group and to the risk appetite defined, as well as its effectiveness and its ability to grasp the evolution of corporate risks, including of the Group, and the interaction between them;
   - approves, at least once a year, after consulting the Board of Statutory Auditors and the Director in charge of the internal control system (as defined and identified below), the working plans prepared by the Managers of the Key Functions;
   - approves, at least once a year, the plan of scheduled activities and the report of the Manager of the Anti-Money Laundering Function on the activities carried out;
   - after consulting the Board of Statutory Auditors, reviews the comments made by the audit firm in its letter of suggestions and in the Additional Report pursuant to Art. 11 of Regulation (EU) No. 537/2014;

i) checks that the corporate governance system is consistent with the strategic objectives, risk appetite and risk tolerance limits of the Group and is capable of capturing the evolution of company risks of the insurance companies and their interactions, as well as the risks deriving from being part of the Group;
j) orders periodic audits on the effectiveness and adequacy of the Group's system of governance and requires the prompt reporting of the most significant weaknesses, giving prompt directions for corrective measures, of which it later evaluates the effectiveness;
k) sets the Group risk targets system defining, also on the basis of the own risk and solvency assessment (i) the risk appetite of the Group in accordance with its overall solvency requirements, (ii) the types of risk it believes it can assume, and (iii) the risk tolerance levels, which it reviews at least once a year, in order to ensure their effectiveness over time;
l) appoints, replaces and revokes, on proposal of the Director in charge of the internal control system - after receiving the favourable opinion of the Control and Risk Committee, as well as after consulting the Board of Statutory Auditors - the Managers of the Key Functions, in observance of the requirements of suitability for office established by the Policy on eligibility for office (the "Fit&Proper Policy"), guaranteeing that they have adequate resources to fulfil their responsibilities, and sets their remuneration in line with the remuneration policies adopted by the Company;
m) appoints, replaces and removes the Manager of the Anti-Money Laundering Function;
n) establishes internal committees to make suggestions and provide advice, as required by legislation and regulations in force over time, as well as those appropriate or necessary to the good operation and growth of the Company and the Group and, when established in the Group companies, defines their guidelines, ensuring that there is a suitable and constant interaction between them, the Top Management, the Key Functions and the Board of Statutory Auditors;
o) on an annual basis, defines and reviews the remuneration policies, including of the Group, submitting them to the Ordinary Shareholders' Meeting for approval, and is responsible for their proper application;
p) attributes and removes powers of the Chief Executive Officer and Group CEO, defining their limits and methods of exercise; also establishes the frequency, in any event no greater than quarterly, with which the delegated bodies are required to report to the Board of Directors about activities carried out during the exercise of the powers attributed;
q) determines, after reviewing the proposals of the Remuneration Committee and consulting with the Board of Statutory Auditors, the remuneration of the Chief Executive Officer and Group CEO and Key Directors - including those on Board Committees - as well as the breakdown of any global remuneration due to the members of the Board of Directors approved by the Shareholders' Meeting, if the Meeting itself has not decided on that breakdown;
r) appoints and revokes the members of the Supervisory Board (Organismo di Vigilanza) pursuant to Legislative Decree 231/2001 (defined herein); sets, with the assistance of the Remuneration Committee, the remuneration of said members; approves, once a year and on proposal of the Supervisory Board, the budget of expenses, ordinary and extraordinary, needed to carry out the supervision and control provided for by the Organisation, Management and Control Model, as well as the final figures of the expenses of the previous year;
s) 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;
t) carries out, at least once a year, with the support of the Appointments and Corporate Governance Committee, an evaluation on the effective operation of the Board of Directors and its Committees, 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;
u) taking into account the results of the assessment referred to in the previous paragraph, gives the Shareholders, before the appointment of the new administrative body, guidelines on the professional figures whose presence in the Board is deemed appropriate;
v) approves, monitoring its suitability over time, the system of delegations and powers and responsibilities of the Group, taking care to avoid an excessive concentration of powers in a single body and implementing controls on the exercise of the delegated powers, with the possibility of defining appropriate emergency plans ("contingency arrangements") if the board itself decides to take upon itself the delegated powers;
w) resolves with respect to transactions of the Parent Company and/or the subsidiaries when such transactions have significant strategic, economic, capital or financial relevance for Unipol itself, paying particular attention to situations in which one or more Directors have an interest on their own behalf or on behalf of third parties. To that end, it establishes general criteria to identify transactions of significant relevance and adopts suitable measures to ensure that the subsidiaries submit transactions that are relevant to the Parent Company's Board of Directors for prior review;

x) passes resolutions on transactions with intra-group counterparties as well as - with the assistance, when required, of the Related Party Transactions Committee - with regard to transactions with related parties, in compliance with the reference regulations adopted respectively by IVASS and Consob and internal regulations in force over time.

Additional powers are reserved to the Board of Directors pursuant to (i) the policies adopted by the Company on, among other things, insurance underwriting and provisioning, investments and divestments in financial, real estate and equity assets, management of funding and credit sources and (ii) the system of the delegations of powers granted to the Chief Executive Officer and Group CEO. These internal provisions aim at ensuring that the Board of Directors reviews and resolves on the transactions with a significant strategic relevance and significant amount.

Consistently with the recommendations of the previously in force Corporate Governance Code of listed companies, in the text as amended in July 2018, the Board of Directors, recently at the board meeting held on 18 April 2019, nominated its Chief Executive Officer and Group CEO Carlo Cimbri as the Director in charge of the internal control system - based on the in-depth knowledge accrued on corporate processes and the internal control and risk management system within the Unipol Group.

Pursuant to Art. 12 of the By-Laws, the Board of Directors meets at least once a quarter and every time the Chairman, or his substitute, believes it to be appropriate, or when a request in this sense is made by at least one-third of the Directors in office. The Board of Directors may also be called, after notification to the Chairman, by the Board of Statutory Auditors or at least one of its members.

The validity of resolutions of the Board of Directors is governed by Art. 2388 of the Italian Civil Code. In voting by open ballot, the vote of the Chairman shall break any tie votes.

Board Committees[5]

To increase the efficiency and the effectiveness of its activity, the Board of Directors has set up among its members specific Committees, with the power to provide opinions and make proposals, specifying their tasks also taking into account the criteria set forth in the Corporate Governance Code.

In particular, on 18 April 2019, the Board of Directors approved the establishment of the following board committees, which play a role in the corporate governance system and perform their duties in compliance with the provisions of the Corporate Governance Code and applicable supervisory provisions:

- Chairman's Committee;
- Appointments and Corporate Governance Committee;
- Remuneration Committee;
- Control and Risk Committee;
- Related Party Transactions Committee;
- Sustainability Committee;
- Ethics Committee.

These Committees, with the exception of the Chairman's Committee, are composed at least of a majority of Independent Directors, as specified in the following paragraphs. The Committees are dissolved when the entire Board of Directors reaches the end of its mandate; if one or more members become unavailable, for any reason, the Board shall find a replacement.

In this regard:

- the Chairman's Committee consists of the Chairman of the Board of Directors and the Deputy Chairman, the Chief Executive Officer and Group CEO and the other Directors appointed by the Board of Directors. During 2021 this Committee met 7 times. The Chairman's Committee is given functions of advice and co-operation for the definition of the development policies and the guidelines of the strategic and operating plans of the Company, to be submitted to the Board of Directors, limited, in particular, to the following issues:
  - dividend policies and/or capital remuneration policies;
  - extraordinary transactions pertaining to the Shareholders' Meeting, in particular capital increases and convertible bond issues, mergers, spin-offs, distribution of reserves, purchase of own shares and amendments to the by-laws;

[5] In 2021, the Unipol Gruppo Board of Directors adapted the regulations of the Board Committees, attributing the tasks and functions to them in line with the recommendations of the Corporate Governance Code and, at the same time, bringing them into line with the operating rules. These regulations are effective from 1 January 2022.

- extraordinary transactions of significant strategic interest, or in any case bound to have a significant effect on the value and/or composition of the equity capital or on the share price of the company, such as purchase or sale of significant equity investments, combinations or alliances with other groups, significant changes in the structure or composition of the Group;
- multi-year strategic plans and annual budgets of the Company and the Group.

– The Appointments and Corporate Governance Committee consists of three Directors, all non-executive and the majority independent pursuant to Art. 147-*ter* of the Consolidated Law on Finance and the Corporate Governance Code. During 2021 this Committee met 5 times. The Appointments and Corporate Governance Committee has a proposal-making and advisory role in the identification of the optimal composition of the Board of Directors and in the definition of the corporate system of governance; in this regard, said Committee has been given the following functions in particular:
  - to propose to the Board of Directors the candidates to the office of Director in the cases of co-optation, if it is necessary to replace independent Directors;
  - to define schedules and procedures for the execution of the Board Performance Evaluation;
  - to inform and update the Board of Directors as regards any development of the regulations in force and the best practices applicable to corporate governance;
  - to express opinions to the Board of Directors, on:
    – the appointment of the members of the Board Committees of the Company;
    – the appointment of the General Manager and the Deputy General Manager of the Company, if appropriate;
    – with reference to UnipolSai, the candidates to be nominated to the offices of Director and Auditor, with their replacements, as well as to the offices of Chairman, Deputy Chairman, Chief Executive Officer and/or General Manager, and Chairman of the Board of Statutory Auditors (without prejudice to the procedures specified by the law for the appointment to this office);
    – the implementation of the corporate governance system, the model and the governance guidelines of the Group;
    – the size and composition of the Board of Directors, making recommendations on the professional qualifications the presence of which within the Board of Directors is believed to be appropriate, as well as on the maximum number of offices and derogations from no-competition rules;

– the Remuneration Committee consists of three Directors, all non-executive and independent, pursuant to Art. 147-ter of the Consolidated Law on Finance and the majority of whom are independent pursuant to the Corporate Governance Code. During 2021 this Committee met 5 times. The Remuneration Committee is assigned an investigative, propositional and advisory role regarding remuneration. In particular:
  – it provides advice and proposals in the definition of remuneration policies, also of the Group, for the corporate bodies, managers and key personnel, as identified in compliance with applicable sector regulations ("Key Personnel"), including compensation plans based on financial instruments;
  – it makes, if necessary, proposals to the Board of Directors for the remuneration of the Chief Executive Officer and the other Directors holding special offices, as well as for the performance targets to be set for the variable component of this remuneration, in line with the Remuneration Policies adopted by the Board of Directors;
  – it verifies the consistency of the overall pay scheme, as well as the proportionality of the remuneration of the Chief Executive Officer with respect to Key Personnel;
  – it periodically submits Remuneration Policies for review so as to guarantee their adequacy, overall consistency and concrete application by the Company and by the Group companies, relying, in this last regard, on the information provided by the corporate bodies of the Group companies;
  – it identifies potential conflicts of interest and the measures adopted to manage them;
  – it ascertains the fulfilment of conditions for the payment of incentives to Key Personnel;
  – it provides adequate disclosure to the Board of Directors on the effective functioning of the Remuneration Policies;
  – it expresses opinions to the Board of Directors on the remuneration of the members of the Supervisory Board of the Company pursuant to Legislative Decree 231/2001.

– The Control and Risk Committee is composed, pursuant to the Corporate Governance Code, exclusively of independent, non-executive Directors, one of whom with adequate expertise in accounting, financial or risk management matters, as assessed by the Board of Directors at the time of his/her appointment. During 2021 this Committee met 10 times. The Control and Risk Committee plays a propositional, advisory, investigative

and support role in relation to the Board's assessments and decisions mainly concerning the internal control and risk management system as well as the approval of periodic financial reports.
With regard to the performance of these functions, pursuant to the Committee Regulation as well as policies in force, the Control and Risk Committee provides its prior opinion to the Board of Directors:

- on the definition of the guidelines of the internal control and risk management system, so that the main risks for the Company and the Group (including Environmental, Social and Governance - "ESG" - risks and, primarily, those linked to the climate) may be correctly identified, as well as appropriately measured, managed and monitored, also assessing the compatibility of these risks with a management of the company in line with the strategic objectives identified;
- on the assessment - at least on an annual basis - of the adequacy and functioning of the system for internal control and the management of existing and future risks with respect to the features of the Company and the Group, to the risk appetite and risk tolerance limits set, as well as the effectiveness of such system and its ability to grasp the evolution of corporate risks and the interaction between them.

Particularly with regard to the internal control system, the Control and Risk Committee performs, for example but not limited to, in particular, the following duties:

- assists the Board of Directors in carrying out the duties attributed to it by legislative and regulatory provisions and by the Corporate Governance Code with regard to the internal control system;
- assesses, together with the Manager in charge of financial reporting, after consulting the audit firm and the Board of Statutory Auditors, the correct use of the accounting principles and, with reference to the drafting of the consolidated financial statements and the consolidated half-year report, their homogeneity at the Group level;
- reviews the processes for the formation of periodic accounting documents prepared by the Group companies in order to draw up the separate and consolidated financial statements;
- after consulting the Board of Statutory Auditors, reviews the comments made by the audit firm in its letter of suggestions and in the Additional Report addressed to the control body;
- supports the Board of Directors in defining and evaluating the adequacy of the organisational structure of the Company and the Group also with regard to the outsourcing of essential or important functions or activities, and receives information about it.

Specifically with regard to risk management, the Committee performs in particular, for example but not limited to, the following duties:

- assists the Board of Directors in carrying out the duties attributed to it by legislative and regulatory provisions and by the Corporate Governance Code with regard to the risk management system;
- provides its opinion to the Board of Directors on proposals regarding the appointment and/or removal of Managers of the Key Functions, on the adequacy of the resources assigned to such functions for the performance of the respective duties, as well as on the consistency of the remuneration assigned to the above-mentioned Managers with applicable company policies; such opinion is binding for proposals relating to the Audit Function;
- assists the Board of Directors and expresses an opinion on the determination of the risk appetite and the establishment of risk tolerance limits, as defined in the Risk Appetite Framework;
- assists the Board of Directors and expresses an opinion on the current and future assessment of risks, taking into account the criteria employed for the assessment of the main business risks, as well as specific aspects concerning their identification with reference to the Company and the Unipol Group;
- asks the Audit Function, if applicable, to carry out assessments on specific operational areas, informing at the same time the Chairman of the Board of Directors, the Chief Executive Officer and Group CEO, also as the Director in charge of the internal control system, and the Chairman of the Board of Statutory Auditors;
- supports, with appropriate investigation activity, the assessments and the decisions of the Board of Directors on the management of risks arising from detrimental events of which the Board of Directors has become aware.

In relation to topics shared across the internal control and risk management system, the Control and Risk Committee, for example but not limited to:

- at least once a year, expresses an opinion on the action plan prepared by the Managers of the Key Functions relating to the Company and the Group;
- reviews the regular reports on the evaluation of the internal control and risk management system of the Company and the Group and those of special relevance prepared by the Key Functions for the Committee and for the Board of Directors;

- monitors the independence, suitability, effectiveness and efficiency of the Key Functions;
- expresses an opinion on the adoption and revision of company and Group policies as required by the Solvency II regulation and/or in any event relating to the internal control and risk management system;
- expresses its opinion on the description, in the annual report on corporate governance, of the main characteristics of the internal control and risk management system and the procedures of co-ordination between the parties involved, as well as the assessment of its suitability.

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

The Control and Risk Committee enacts the appropriate functional links with the Board of Statutory Auditors - also in consideration of the responsibilities that Legislative Decree No. 39/2010, as amended by Legislative Decree No. 135/2016, attributes to that body in its role as internal control and audit committee - in order to ensure the establishment of a flow of information to the control body for the timely exchange of significant information for the performance of their respective duties and the coordination of activities in areas of shared responsibility. To this end, and to contain the cost of controls, in 2021 the Board of Statutory Auditors attended the meetings of the Committee.

- the Related Party Transactions Committee consists of four Directors, all non-executive and independent, pursuant to Art. 147-*ter* of the Consolidated Law on Finance and pursuant to the Corporate Governance Code. During 2021 this Committee met 5 times. The Related Party Transactions Committee has functions of advice, dialogue, and proposal towards the Board of Directors and the units of Unipol and the subsidiaries with reference to this type of transaction (the "Transactions") in compliance with the provisions of the Regulation issued by CONSOB with Resolution No. 17221 of 12 March 2010 and subsequent amendments and the internal procedure for the execution of the Transactions in question ("Related Party Procedure").

  In particular, the Committee:
  - expresses to the Board of Directors of the Company an opinion on the procedures to establish and create the register in which Related Parties are recorded ("Register of Related Parties");
  - takes part in the negotiation and investigation phases concerning the "Transactions of Greater Relevance" (as specified in the Related Party Procedure);
  - issues a reasoned opinion to the competent decision-making body, based on a complete and updated information flow, on the Company's interest in the execution of the aforementioned Transactions of Greater Relevance, as well as on the convenience and substantive fairness of the corresponding terms;
  - verifies the correct application of the exemption conditions to the Transactions of Greater Relevance defined as ordinary and concluded under market or standard conditions, issuing a preventive opinion in this regard and examines the half-yearly disclosure on Exempt Transactions, supported by the assessments of the competent Corporate Functions regarding the assumptions for application of said exemption conditions;
  - expresses to the decision-making body a reasoned non-binding opinion on the interest of the Company to the execution of the "Transactions of Lesser Relevance" (as specified in the Related Party Procedure), as well as on the convenience and fairness of the corresponding terms;
  - expresses to the Chief Executive Officer and Group CEO of Unipol a reasoned non-binding opinion on the interest of the subsidiaries and the Unipol Group in the execution of Transactions with Related Parties carried out through the subsidiaries, either of Greater or Lesser Relevance, as well as on the convenience and substantial fairness of the corresponding terms;
  - expresses to the Board of Directors a reasoned opinion on the possibility of temporarily departing, pursuant to Art. 123-*ter*, Par. 3-*bis*, of the Consolidated Law on Finance (TUF), from the Unipol Group's Remuneration Policies in the presence of exceptional circumstances, in compliance with said Remuneration Policies;
  - expresses to the Board of Directors an opinion on the updates made to the Related Party Procedure.
- the Sustainability Committee consists of three Directors, all non-executive and the majority independent pursuant to Art. 147-*ter* of the Consolidated Law on Finance and pursuant to the Corporate Governance Code. During 2021 this Committee met 4 times. The Sustainability Committee exercises investigation, proposal and advisory functions, in particular carrying out the following duties:
  - provides support to the administrative body in defining the model for identifying, assessing and managing the main ESG risks, including in particular those linked to the climate, their impacts on the business strategy and active policies for achieving the objectives of the COP21 climate change

convention, as well as in defining commitments and monitoring indicators, including those established for the reporting of climate-related information;
  - reviews the guidelines and the methodology adopted to prepare and monitor the sustainability strategies integrated in the Business Plan;
  - examines the sustainability issues identified during the interactions with the stakeholders of the Company and the Group, proposing ameliorating measures;
  - assesses the methodological approach adopted for the development of the materiality matrix[6] and reviews the material issues thus identified for the development of the Non-Financial Statement ("NFS"), contained in the Integrated Report;
  - evaluates the regular updates on the main activities of preparation for the full achievement of the Group's sustainability objectives;
  - periodically monitors alignment between the sustainability indicators of the Business Plan and the activities of the subsidiaries and the business of the Group;
  - reviews the Green Bond Report, reporting on the allocations in compliance with the Green Bond Standard;
  - reviews the Group Integrated Report, the NFS, as well as the Sustainability Report of UnipolSai and the "Unipol and climate change" report drafted according to the Recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) promoted by the Financial Stability Board (of which the Unipol Group is a supporter).
- the Ethics Committee consists of three Directors, all non-executive and independent, pursuant to Art. 147-*ter* of the Consolidated Law on Finance and the majority of whom are independent pursuant to the Corporate Governance Code. During 2021 this Committee met 3 times. The Ethics Committee has been assigned the duties of:
  - promoting consistency between the principles of the Code of Ethics and the company policies, also interacting with the Supervisory Board, the Control and Risk Committee and the Company Departments concerned;
  - contributing to the definition of initiatives to promote the knowledge and understanding of the Code of Ethics;
  - defining the set-up of the plan of ethics communication, knowledge and awareness-raising in collaboration with the Ethics Officer and with the company Departments concerned;
  - monitoring compliance with the Code of Ethics. To this end, through the Ethics Officer, it may carry out assessments on the compliance with the Code of Ethics by the recipients of this, collecting all necessary information and documentation;
  - issuing opinions on the more complex reports received by the Ethics Officer of alleged breaches of the Code of Ethics;
  - submitting to the attention of the competent bodies of the Unipol Group companies the situations in which violations of the principles laid out in the Code of Ethics have been confirmed so that, in full compliance with legislative provisions and the internal procedures in force over time, such bodies may evaluate the application of any penalty proceedings against those responsible for such violations;
  - receiving and reviewing the Ethics Report prepared by the Ethics Officer, handling its publication.

Chief Executive Officer and Group CEO and General Manager

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

At its meeting on 18 April 2019, the administrative body of Unipol confirmed Mr Carlo Cimbri as Chief Executive Officer of the Company, also assigning him the role of Group CEO, as the main party responsible for the promotion of the Unipol Group's management policies and guidelines, in Italy and abroad, as well as for the coordination and oversight of its operations management, attributing to him all of the functions listed below, to be exercised in line with the general programmatic and strategic policies defined by the Board of Directors:

- to ensure the execution of the resolutions of the Board of Directors and the Shareholders' Meeting of the Company;

[6] The materiality matrix makes it possible to identify, through quantitative models, the sustainability themes that are relevant for stakeholders and for the Group, thus representing:
  - the "material" issues, i.e. the most important ones for the success of the Group strategies and of greatest interest for stakeholders, through the definition of "critical thresholds" with respect to two aspects;
  - the degree of alignment or misalignment between the expectations of stakeholder*s* and the Group on each issue.

- to ensure the ordinary management of the business of the Company, as well as the governance, supervision and co-ordination of all activities of the Unipol Group;
- to promote the corporate policies of the company and the Unipol Group;
- to make the proposals on the multi-year plans and annual budget of the Company and the Unipol Group, to be submitted to the review and approval of the Board of Directors;
- to ensure the adequacy of the organisational, administrative and accounting structure of the Company and the Unipol Group;
- to give directions for the preparation of the financial statements of the Company; to prepare the proposals on the draft financial statements and consolidated financial statements, as well as on the interim financial reports, to be submitted to the Board of Directors.

The Chief Executive Officer and Group CEO - in his role as Executive Director of the Company - fulfils the following duties:

- together with the Chairman:
  - identifies the strategies regarding the general policies of the Company and the Unipol Group to be submitted to the Board of Directors;
  - reviews on a preliminary basis transactions with significant economic, capital and financial relevance, in accordance with the criteria defined by the Board of Directors, particularly with reference to Transactions with Related Parties of "greater relevance", to be proposed on a case by case basis to the Board of Directors;
  - ensures that the Directors are able to carry out their role in an informed and effective manner;
- guarantees the pursuit of the objectives defined by the Board of Directors, issuing the resulting management directives; handles the execution of resolutions of the Board of Directors and the operational management of corporate affairs, relying on the Company's Top Management;
- defines the guidelines and lines of action of the Group as a whole by ensuring proper operation of the vertical relationships between the Company and the different Group entities;
- formulates any proposals to supplement the annual audit plan and may request specific audits not envisaged in the plan itself;
- designates candidates for appointment or replacement of Directors and Statutory Auditors and for the election of corporate bodies (without prejudice to the methods set forth by law for the appointment of said role) in subsidiaries in respect of the Directives and taking into account the policies adopted by the Company;
- supervises the management of the process of appointing "Group key resources" to cover the main management positions within the various Group entities.

The Chief Executive Officer, in agreement with the Chairman, is assigned additional duties relating to remuneration, as set forth in the Remuneration Report prepared pursuant to Art. 123-ter of the Consolidated Law on Finance and listed below:

- provides the Remuneration Committee with instructions for the formulation of proposals to be submitted to the Board of Directors with respect to the Remuneration Policies:
  - defined by the Parent Company in accordance with Articles 71, second paragraph, letter n) and 93 of IVASS Regulation 38, that set out the principles and guidelines that must be applied by the Companies in scope in the definition of its remuneration policies;
  - applying to a segment or a company of the Group, that add to the Group Remuneration Policies with the necessary regulatory and/or operational adjustments typical for the specific sector;
- formulates proposals to the Board of Directors in line with the guidelines identified in the remuneration policies approved by that Board, concerning the remuneration of the Company's General Manager, as well as the determination of the relative pay package, establishing the performance targets correlated with the variable remuneration component;
- defines the pay package of the Key Managers of the Company, establishing the performance targets correlated with the variable remuneration component, in line with the guidelines identified in the remuneration policies by the Board of Directors and without prejudice to the responsibilities of the Unipol Control and Risk Committee with reference to the Managers of the Key Functions;
- provides instructions to the competent bodies of the Companies in scope regarding the remuneration of the Chief Executive Officers, the General Managers - if appointed - and of the other Key Managers (as well as the Managers of Key Functions) as well as the assignment of performance targets linked to any variable component of said remuneration, in accordance with the Group Policies and without prejudice to the powers of the Control and Risk Committee with regard to Managers of Key Functions.

If the Chief Executive Officer and Group CEO is in a situation of potential conflict of interests in exercising the functions listed above, they are exercised, in his stead, by the Deputy Chairman.

The Board of Directors has also granted to the Chief Executive Officer and Group CEO special executive powers, defining procedures and quantitative limits for their exercise.

The Chief Executive Officer participates - as he is a member - in meetings of the Chairman's Committee; he participates ex officio with advisory functions in the meetings of the Appointments and Corporate Governance Committee, the Sustainability Committee, the Ethics Committee and the Remuneration Committee, and is invited to the meetings of the Control and Risk Committee.

Mr Cimbri is also the General Manager, in accordance with the resolution passed by the Board of Directors pursuant to Art. 15 of the By-Laws, in that role carrying out the function of overseeing general business operations, consistent with the strategic planning guidelines defined by the board.

Board of Statutory Auditors

The Shareholders' Meeting of 18 April 2019 appointed the Board of Statutory Auditors currently in office, consisting of three Statutory Auditors and two Alternate Auditors, giving them a mandate of three years and, therefore, up to the Meeting called to approve the 2021 financial statements.

Pursuant to Legislative Decree No. 39/2010, as amended and Regulation (EU) 537/2014 regarding auditing, the Board of Statutory Auditors of the Company, as well as monitoring the compliance with the law and the By-Laws and with the principles of proper management, is in charge, also in the execution of its functions as internal control and audit committee, of:

- informing the Company's administrative body of the outcome of the audit, sending the latter the additional report pursuant to Art. 11 of (EU) Regulation no. 537/2014;
- monitoring the process of financial reporting and submitting recommendations or proposals aimed at ensuring its integrity;
- controlling the effectiveness of the systems for the internal control of the quality and management of the risk profile and of internal audit as regards the financial reporting of the Company;
- monitoring the audit of the separate financial statements and the consolidated financial statements;
- verifying and monitoring the independence of the audit firm, in particular as regards the adequacy of the provision of non-audit services to the Company;
- formulating, following the selection procedure for which he is responsible, the recommendation regarding the auditor to whom to assign the engagement, to be sent to the administrative body so that it can submit a proposal to the Shareholders' Meeting.

Supervisory Board

Legislative Decree No. 231 of 8 June 2001, "Discipline of the administrative responsibility of legal persons, companies and associations even without legal personality" ("Decree 231/2001") - which introduced the administrative liability of entities as a result of certain offences committed in the interest or for the advantage of the entity by directors, managers, employees and company representatives - establishes in Art. 6 an exemption from above-mentioned liability for entities that demonstrate: (i) that before the offence was committed, they adopted and effectively implemented organisation, management and control models suitable to prevent the occurrence of the offences considered therein; (ii) that they have established an internal control body with the task of supervising the functioning and observance of the model (the "Body" or the "SB") as well as its actual effectiveness and adequacy and, when necessary, managing any updates of the model; (iii) that the offence was committed by fraudulently circumventing the model, and (iv) that the above-mentioned Body did not fail to supervise or enact insufficient supervision.

In compliance with the above regulations, the Company adopted the Organisation, Management and Control Model (the "MOG" or the "Model") and established and appointed the SB pursuant to Art. 6, letter b) of Decree 231/2001.

The Body is assigned the task of supervising:

i) the effective observance of the Model by its addressees: employees, corporate bodies and, within the limits laid out therein, agents, associates and suppliers;

ii) the actual effectiveness and adequacy of the Model with respect to the structure of the company and its real capacity for preventing the commission of the offences pursuant to Decree 231/2001;

iii) the possibility of updating the Model, when it is found that it needs to be adjusted in light of changed company and/or regulatory conditions, contacting the competent bodies for this purpose.

The SB is also given the right to conduct targeted verifications, even without providing prior notice, on specific transactions or deeds entered into by the Company, especially as regards sensitive activities, the results of which need

to be summarised in reporting to the competent corporate bodies.
These powers are to be exercised within the limits of what is strictly functional to the mission of the SB, which has no management powers whatsoever.

Company committees
In the context of the governance and the internal control and risk management system, a few internal committees have been established by the Board of Directors, or by the Chief Executive Officer and Group CEO, consisting of managers of the Company and the Group, with functions of support to the Chief Executive Officer and Group CEO in the implementation and supervision of the policies of direction, coordination and operational strategy specified by the Board of Directors.

B.1.2 Transactions with related parties

In the course of 2021, Unipol Gruppo distributed to the shareholder Coop Alleanza 3.0 Società Cooperativa:
- dividends of €44.69m when the profit for the year 2020 was allocated;
- dividends of €44.69m, drawn from the extraordinary profit reserve set aside when the profit for the year 2019 was allocated, after confirming the fulfilment of conditions for the distribution of that reserve, also taking into account that the recommendation of the EU and domestic Supervisory Authorities to use extreme prudence in distributing dividends and other capital elements in consideration of the emergency situation linked to the Covid-19 pandemic was not reiterated.

The relations with the members of the administrative or supervision body refer to the remuneration paid in compliance with the resolutions of the Shareholders and/or the Board, in compliance with current Group policies.

B.1.3 Tasks and responsibilities of Key Functions

The following Key Functions have been established at the Parent Company:

– internal audit function, assigned to the Audit Function, which is responsible for assessing and monitoring the effectiveness, efficiency and adequacy of the internal control system and the additional corporate governance components, in relation to the nature of the business carried out and the level of risks assumed, as well as any need for updating, also through support and advisory activities provided to other corporate functions;
– risk management function, assigned to the Chief Risk Officer, which is in charge of identifying, measuring, assessing and monitoring the current and prospective risks at the individual and aggregated level to which the Company is or may be exposed and their correlation;
– the compliance verification function, assigned to the Compliance and Anti-Money Laundering Function which - as regards compliance activities - is responsible for evaluating, with a risk-based approach, the adequacy of procedures, processes, policies, and internal organisation to prevent compliance risk[7];
– actuarial function, assigned to the Actuarial Function[8], whose main task is to coordinate the calculation of the technical provisions, assess the adequacy of the methodologies, models and assumptions forming the basis of said calculation and evaluating the quality of the data used. It expresses a judgment on the global policy for the underwriting of risks and the adequacy of reinsurance agreements; it also provides a contribution to the risk management system, also with reference to the modelling underlying the calculation of the capital requirement[9].

[7] "Compliance risk" means the risk of incurring judicial or administrative sanctions, incurring losses or reputational damages as a result of failure to observe laws, regulations and directly applicable European regulations or measures of the Supervisory Authorities or internal regulations (e.g. by-laws, codes of conduct or corporate governance codes, internal policies and corporate communication documents); compliance risk is also understood as the risk deriving from unfavourable amendments in the regulatory framework or case law decisions.
[8] The actuarial function is exercised by an actuary listed in the professional register set up by Law No. 194, 9 February 1942, or by parties with knowledge of actuarial and financial mathematics appropriate to the nature, magnitude and complexity of the risks intrinsic to the business activities of the company and with proven professional experience in the issues relevant to the execution of the task.
[9] The actuarial function directly reports to the Board of Directors and has been given the necessary independence and separation in the performance of its tasks to avoid conflicts of interest with the Group divisions in charge of the technical and operational management. Any potential conflict of interest is addressed by an appropriate diversification and separation of the tasks within the Actuarial Function itself.

Within the Internal Control and Risk Management System, it is essential to ensure dialogue between the Key Functions, and regular reporting between these functions and the Corporate Bodies.
The Control and Risk Committee, the Board of Statutory Auditors, the audit firm, the Key Functions, the Supervisory Board pursuant to Legislative Decree 231/2001 and any other body and function that has been given specific control tasks exchange all information useful for the execution of the tasks assigned.
Within this system, the Compliance and Anti-Money Laundering Function, the Chief Risk Officer and the Audit Function, as well as the other parties with control duties, collaborate with each other, although in keeping with their own autonomy, using a shared methodology and application platform, which make it possible to adopt a joint approach to the mapping and process analysis activities, the assessment of operational risks and controls, pooling the information assets produced, as well as ongoing monitoring of any remediation actions disclosed to the operating structures following analyses performed by the above-mentioned Functions. Reciprocal information flows between the different Key Functions are already in place through:

- participation in the meetings of the Control and Risk Committee and the SB;
- information and discussion on the annual plans of the activities of the Functions themselves;
- joint working groups for the maintenance and continuous updating of a shared methodology for presenting the results of the activities performed to the top management and the corporate bodies;
- reporting activities with exchange of the documentation produced by the individual functions (as for example the results of the assessment activities carried out, the cases of non-compliance, the regular claim reports, etc.).

Once a year, the Managers of the Key Functions submit their action plan to the Board of Directors for approval and every six months they report to the Board of Directors on the activities carried out and the main issues observed, as well as on any initiatives proposed, as well as promptly in the presence of significant violations which may involve a high risk of sanctions, losses or damages to image. In addition, in the execution of their power to provide advice and make proposals on the Internal Control and Risk Management System, the Control and Risk Committee, the Director in charge of the internal control system and the Board of Statutory Auditors receive from the Managers of the Key Functions the action plan and regular reports on their activities, as well as a prompt disclosure on the most significant critical issues.

To execute the activities within its area of competence, the personnel of the Key Functions has unlimited access to company data and relevant information.
On the basis of the Group's organisational model, the Key Functions perform the activities under their responsibility for Unipol, as well as at Group level.

B.1.4 Remuneration policies

The primary objective of the remuneration policies is to guarantee a fair remuneration, according to the position, responsibilities, professionalism level and individual skillset. In compliance with legal and regulatory provisions, the remuneration policies of the Company ensure, inter alia, the consistency between remuneration and the need to guarantee sustainable performance, in compliance with a sound and prudent risk management policy, in line with the long-term strategic objectives, profitability and balance of the Company and the Group. The Company does not adopt remuneration policies based exclusively or prevalently on short-term results, such so as to incentivise excessive exposure to risk or an assumption of risks that exceeds the risk tolerance limits established by the Board of Directors.

On the basis of these principles, the fixed remuneration component compensates the extent and level of responsibility, the complexity managed and experience required by the role; it rewards expertise and skills, making provision for a rigid financial basis, in compliance with the provisions of collective bargaining agreements, as well as any bilateral agreements and/or specific internal Regulations. Internal fairness reasons, competitiveness, attractiveness, meritocracy or the attribution of greater responsibilities may lead to the payment of additional fixed amounts, consolidating them over time.

The variable remuneration component aims to reward results achieved in the short and medium/long-term, expressed not only in the form of economic revenue, but also in the form of attention to risks and qualitative performance, as well as to develop professional skills while enacting an effective retention policy.

Considering the foregoing, the remuneration of the recipients of the Remuneration Policies, in 2021, in continuity with previous years, was aligned with the following principles:

- an appropriate balance between fixed and variable remuneration components, with the latter linked to pre-set, objective and measurable efficiency criteria, to strengthen the link between performance and remuneration and the establishment of ex-ante limits for the same;
- the establishment, as regards the variable component of remuneration, of an adequate balance between monetary disbursements and disbursements in financial instruments;
- sustainability thanks to the proper balance between short and long-term efficiency criteria that the remuneration is based on;
- the deferment of a significant portion of the variable component, whose duration is differentiated based on the incidence of the fixed component and, in any case, is not lower than the amount required by the applicable regulations;
- the presence of Malus clauses, which provide for the reduction until elimination of the variable component in the presence of given conditions, and Claw-back clauses which envisage the possibility of requesting the repayment of the amount already paid out under certain conditions;
- the establishment of a year-long period of unavailability with reference to the amounts disbursed in financial instruments;
- the prohibition against relying on hedging strategies or specific insurance against the risk of a downward correction of remuneration, which could alter or invalidate the chance effects connected to the provision of deferred bonuses in the form of financial instruments;
- a different impact on the risk profiles of the Company and of the Group depending on the position held and the responsibilities assigned.

The variable component of the remuneration is awarded to the Chief Executive Officer and Group CEO, the General Manager and management personnel, including therein key personnel, through the activation of an incentive system. This includes:

- a short-term component (STI Bonus), 50% of which is provided in monetary form, and the other 50% of which is provided in Unipol and UnipolSai Shares;
- a long-term component (LTI Bonus), 50% of which is provided in monetary form, and the other 50% of which is provided in Unipol and UnipolSai Shares.

The assignment of the cash component and of the Shares relating to the LTI Bonus due is postponed over a multi-year time period.
The incentive system links:

- the annual results of the Group and of the Company, expressed in terms of achievement of gross profit and solvency capital targets;
- the individual performance, measured in terms of both quantitative and qualitative targets, related to the specific organisational area of the recipient;
- the results measured over a three-year time period of the Group, expressed in terms of achievement of targets related to economic-financial results, capital solidity, growth in the value of the Unipol Share and the Reputational Profile of the Unipol Group.

As regards the remuneration of the Board of Directors, annual Director compensation is fixed; Directors may also receive reimbursements for expenses incurred to carry out their official duties and attendance fees for participation in meetings of the Board of Directors and the Shareholders' Meetings or the meetings of any Board Committees of which they are members.

The Company of which they are Directors also covers the cost of insurance covering the risks connected to third-party liability deriving from legal and contractual obligations inherent in the office of Director and the related legal protection.
After consulting with the Remuneration Committee and the Board of Statutory Auditors, the Board of Directors may provide additional fixed remuneration to Directors vested with specific duties; such Directors may also be provided supplementary benefits relating to lodging and/or the use of company vehicles.
Non-executive Directors are not provided with any variable remuneration component; on the other hand, after consulting with the Board of Statutory Auditors, Executive Directors may be recognised a short and/or long-term variable remuneration component, subject to the criteria set forth in the incentive system of the Company of which they are Directors.

For the purpose of retention, with a view towards encouraging the achievement of the governance, growth and development objectives of the Group, loyalty bonuses may be awarded to Managers who have given their services to the individual Companies or for the Group for a certain number of years. The amount of said bonuses to be disbursed

upon termination of employment cannot exceed the amount of three years worth of total annual remuneration calculated for the variable part as envisaged by article 2121, paragraph 2 of the Italian Civil Code. This loyalty bonus is paid within 30 days of the date the employment relationship is terminated. Once the thirtieth year of service in an individual Company or in the Group has been reached, a portion of the loyalty bonus accrued up to that point can be paid, subject to decision by the Board of Directors and with the approval of the Remuneration Committee.
With regard to the criteria and procedures for the recognition of any end-of-office compensation, it will be possible to provide for its assignment in compliance with regulations in force, and in any event subject to a Board of Directors decision based on a Remuneration Committee proposal. As regards Executive Personnel, any payment of an amount in the event of the mutually agreed termination of the employment contract, or in the case of dismissal without just cause, or dismissal with just cause, cannot be more than three years worth of total annual pay. Moreover, Unipol Gruppo may request beneficiaries to return all or part of the afore-mentioned gross amount, if, within five years of the date of termination of employment, the same take serious measures with wilful misconduct resulting in damage to Unipol Gruppo, both circumstances (measures and wilful misconduct) ascertained with a later ruling in the courts.

There are no supplementary pension schemes for the members of the Board, while all employees, whether in an executive position or not, may join specific corporate Pension Funds, divided into Employees' Pension Funds and Executives' Pension Funds. These Funds are based on voluntary contributions made by the recipient and the company and envisage supplementary pension provisions on termination of the employment relation due to retirement.

B.2 Fit and proper requirements

Most recently at its meeting held on 18 March 2021, the Board of Directors updated, pursuant to the industry regulatory provisions in force, the Fit&Proper Policy, which describes, *inter alia*, the procedures to assess the requirements of suitability for office – in terms of integrity, professionalism and independence, as well as of absence of causes of impediment, suspension and incompatibility – of the members of the administrative and control body, as well as the Managers of the Key Functions.

The Board of Directors assesses whether each of its members meet the requirements set by legal and regulatory provisions in force at the time in terms of honourableness, professionalism and independence, as well as assessing the absence of causes of impediment, suspension and incompatibility pursuant to legal and regulatory provisions on interlocking directorships.

In relation to the independence requirements of its members, the administrative body conducts its assessments also with regard to the provisions of the Corporate Governance Code.
With particular reference to the evaluation of the independence requirement pursuant to the Corporate Governance Code and the Fit&Proper Policy mentioned above, we note that:

- in line with international best practices, particular attention is paid to the "substantial" independence requirement of the non-executive Directors. The Company has adopted a restrictive interpretation of the provisions contained in the Code, in order to ensure the interests of all Shareholders, both majority and minority;
- taking into account the current ownership structure of Unipol, all Directors of the Company are considered non-independent if they are:
    i. members of the Management Committee of the Shareholders' Agreement concluded by some Unipol shareholders; or[10]
    ii. important representatives (i.e. Chairman, General Manager or Executive Directors) of the main Shareholder of the Company;
- for the purposes of evaluation of the independence requirement of a Director, it is also responsible for:
    i. the annual amount paid for any professional and/or other services rendered to the Company and/or holding company and/or subsidiaries that exceeds 5% of the annual turnover of the Director or of the company or entity over which the Director has control or is an executive director of the professional practice or consulting company of which he or she is a partner or shareholder or, at any rate, exceeding €500,000 per year;

[10] This refers to the material Shareholders' Agreement pursuant to Art. 122 of the Consolidated Law on Finance, effective 15 December 2017 for three years, tacitly renewable, concluded by some shareholders of Unipol operating as a voting and blocking syndicate on the Company shares involved, representing 30.053% of the share capital with voting rights.

ii. any compensation received for offices also held in the holding company and/or subsidiaries, where these exceed a total of €200,000 per year;
iii. any personal and financial situations which could result in conflicts of interest and also potentially hinder the independent judgement of the Director, in any event with the performance of corporate management in the interest of the Company remaining ensured, consistent with the objectives of sound and prudent management.

If the Director is also a partner of a professional practice or a consulting company, even irrespective of the quantitative parameters mentioned above, the administrative body evaluates the significance of the professional relations which could have an effect on his or her position and role within the practice or the consulting company or which, in any event, relate to significant transactions of Unipol, or UnipolSai and the Unipol Group.

With regard to the suitability requirements described above, the Board of Directors carries out its evaluation:

- for the entire Board of Directors, after this is appointed by the Shareholders' Meeting and, afterwards, at least once a year;
- for individual Directors, at the time of co-optation of one or more new Directors by the Board and after the appointment by Shareholders' Meeting, as well as in later board meetings when it is assessed whether all Directors continue to meet the requirements specified.

The Board carries out the evaluation reviewing the information provided by the individuals involved on the basis of their curricula vitae and the statements in lieu of certification provided by these, also taking into account the information in the Company's possession and the assessments carried out by the competent functions of the Company and the Group. This documentation is made available for review during the Board meeting and is put to the record.
The Board of Directors takes its resolutions with the abstention, each time, of the individual Director being assessed.
The Board of Directors, during its meeting on 13 May 2021, fulfilled its obligations pursuant to current legal provisions with regard to the assessment of the possession by its members of the legal and regulatory requirements – in terms of integrity, professionalism and independence, as well as of absence of causes of impediment, suspension and incompatibility. This assessment was carried out in compliance with the Fit&Proper Policy.
Lastly, to assess whether Directors are able to carry out effectively their functions, the Board of Directors carries out – after its appointment and, later, once a year – an assessment of the compliance with the provisions on overlapping offices, as indicated in a specific regulation adopted by the Board as guideline for the maximum number of offices as director or statutory auditor that may be considered compatible with an effective execution of the tasks of Director, according to the provisions of the Corporate Governance Code. This Regulation (which is available in the Corporate Governance Section of the Unipol website) sets some general criteria, which take into account the actual role that the Director has in other companies as well as the nature and size of these companies, introducing differentiated limits, respectively, for the position of Chairman and of executive, non-executive or independent Director, also considering the prohibitions on interlocking directorships set by legal and regulatory provisions.
In line with the best international practice and with the provisions of the Corporate Governance Code as well as with the supervisory provisions in force from time to time, the Board of Directors carries out an annual assessment on the size, composition and operation of the said administrative body and the Board Committees, also taking into account elements such as the professional characteristics, experience, including managerial, and the gender of its members, as well as their length of office (Board Performance Evaluation). The evaluation concerns also the possession, by the Board as a whole, of the technical expertise needed to the execution of the tasks assigned by current legal provisions, in compliance with the principle that, in the choice of the Directors, it is necessary to keep into account the size of the Group as well as the complexity and specificity of the sectors in which this operates, to ensure that the Board as a whole has the appropriate technical expertise in insurance and financial markets, systems of governance, financial and actuarial analysis, regulatory framework, sales strategies and business models.
The Managers of the Key Functions and the Manager of the Anti-Money Laundering Function are appointed by the Board of Directors from amongst parties meeting the same requirements of integrity as those set forth by regulations in force for the Directors and Statutory Auditors as well as of adequate professionalism pursuant to company policies in force on the matter[11].
Moreover, the Managers of the Key Functions and the Manager of the Anti-Money Laundering Function must meet the independence requirements envisaged for each of them by the supervisory provisions in force from time to time. The Board of Directors verifies that these requirements are met by all Managers at the time of their appointment and, later, at least once a year, during the regular assessment of the requirements of all Directors and Statutory Auditors. The evaluation is carried out through the review of the information provided by the individuals involved in their curricula

[11] The requirements of suitability for office of the Manager of the Anti-Money Laundering Function are established in the Money laundering and terrorist financing risk management policy, adopted by the Unipol Board of Directors and subsequently updated most recently on 11 November 2021.

vitae and the statements in lieu of certification provided by these, taking also into account the assessments carried out by the competent units of the company and the Group. This documentation is made available for review during the Board meeting and is put to the record.
At its meeting held on 13 May 2021, the Unipol Board of Directors performed, inter alia, the periodic verification of the requirements of the Managers of the Key Functions and the Manager of the Anti-Money Laundering Function.

B.3 Risk management system, including the own risk and solvency assessment

B.3.1 Risk management system

The Risk management system is the set of processes and tools used in support of the risk management strategy of the Unipol Group; it provides an appropriate understanding of the nature and significance of risks to which the Group and the individual companies and forms of supplementary pension, including Open-ended Pension Funds, are exposed. The Risk management system makes it possible to have a single point of view and a holistic approach to risk management, and it is an integral part of the management of the business. The Risk management system specifies the risk management process, which is articulated as follows:

- identification of the risks, which consists of the identification of the risks believed to be significant, or those risks the consequences of which may jeopardise the solvency or the reputation of the Group and the individual Group companies or represent a serious obstacle to the achievement of the strategic objectives;
- current and forward-looking assessment of the risk exposure; the current evaluation of the risks identified is carried out by using the methodologies specified by regulations and best practice with regard to the risks for which the measurement is not regulated or is specified with high-level principles. With regard to the forward-looking evaluation, we note that the internal assessment of risk and solvency (the "Own Risk and Solvency Assessment" or "ORSA") is used to support the strategic decisions of the Group and the Companies;
- monitoring of risk exposure and reporting, a system implemented – on the basis of the principles of completeness, timeliness and effectiveness of the disclosure – to ensure a timely and constant monitoring of the evolution of the Risk Profile and the compliance with the specified Risk Appetite. This system ensures that the quality and quantity of the information provided are proportional to the requirements of the different recipients and the complexity of the business managed, so that this may be used as a strategic and operational tool for the evaluation of the potential impact of the decisions on the risk profile and the solvency of the Group and the individual Companies;
- risk mitigation, which consists of the identification and proposal of actions and initiatives necessary and/or useful to mitigate current or future risk levels, when these are not in line with the risk objectives specified.

The identification, evaluation and monitoring of the risks are carried out on ongoing basis to take into account the changes occurred both in the nature and size of the business and in the market context, and whether new risks arise or the existing ones change.
The Risk management system follows an Enterprise Risk Management ("ERM") approach, that is, is based on the assessment of all current and forward-looking risks to which the Group is exposed, assessing the impact that these risks may have on the achievement of the strategic objectives.
To pursue these high-level objectives, the approach adopted takes into account the need to reconcile multiple requirements expressed by the main stakeholders. In particular, the Risk Management System aims to reflect:

- the requirement of safeguarding the assets and the reputation of the company;
- the need for security and solvency;
- the target rating;
- the need to diversify risks and ensure adequate liquidity.

B.3.1.1 Risk management and monitoring system: Risk Appetite

Based on the principles outlined above and to pursue the objectives assigned, the Risk management system relies on a key element: the Risk Appetite.
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, Risk Appetite is generally determined on the basis of the following elements:

- capital at risk;
- capital adequacy;
- Liquidity/ALM (Asset Liability Management) ratios.

Quality objectives are defined in reference to compliance, emerging, strategic, reputational, ESG (Environmental, Social and Governance) and operational risks.
The Risk Appetite is formalised in the Risk Appetite Statement, which indicates the risks that the Group and the Companies intend to take or avoid, and sets the quantitative limits and the qualitative criteria to be taken into account for the management of unquantified risks.
The Risk Appetite is 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, ORSA process, 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 operational risk limits);
- Risk Profile.

The activity to define the RAF components is dynamic, and reflects the risk management objectives associated with the objectives of the Strategic Plan. Verification is performed annually as part of the process of assigning Budget objectives. Further analyses for the preventive control of Risk Appetite, and capital adequacy in particular, are performed when studying extraordinary transactions (mergers, acquisitions, disposals, etc.).
The RAF is broken down into several analysis macro areas with the aim of guaranteeing continuous monitoring of risk trends and capital adequacy. The main analysis macro areas are:

- individual type of risk, overall risk and capital adequacy;
- individual companies and group.

The Risk management system is formalised by the Risk management policy, adopted by the Board of Directors of the Parent Company and subject to regular updates, which sets, in reference to the perimeter of competence, suitable guidelines for the identification, evaluation, monitoring and mitigation of the risks and the operational limits in line with the Risk Appetite specified. The Parent Company ensures that the Risk management policy is implemented consistently and continuously within the entire Group, taking into account the risks of each company in the scope of group supervision and their mutual interdependencies, with reference to the provisions laid out in Articles 210 and 210-ter, paragraphs 2 and 3 of the Private Insurance Code ("CAP").
The principles and processes of the Risk management system as a whole are governed by the following Group policies: "Current and Forward-looking Internal Risk and Solvency Assessment Policy", "Operational Risk Management Policy" and "Group-level Risk Concentration Policy". The policies setting the principles and guidelines below are an integral part of this risk management system: (i) management of specific risk factors (e.g. Investment Policy for market risk and Credit Policy for credit risk), (ii) risk management as part of a specific process, (iii) risk mitigation and (iv) risk measurement model management.

B.3.1.2 Objectives and Core principles of Risk Management

Within the Risk management system, the Chief Risk Officer is in charge of continuously identifying, measuring, assessing and monitoring the current and prospective risks at the individual and aggregated level that the Group is or may be exposed to and their correlations. In the exercise of its role, the Chief Risk Officer is responsible for designing, implementing, developing and maintaining the risk measurement and control systems. Among these, particular relevance is given to the definition and the use of tools aimed at assessing the capital needed against the risks identified and, in particular, the Internal Model.
In this regard, we note that IVASS authorised[12] Unipol to use the Partial Internal Model (or the "PIM") to calculate the Group Solvency Capital Requirement with effect from the annual supervisory reporting relating to 31 December 2017.
Within the Group, the responsibility for the design and implementation of the PIM is separated from the responsibility for its validation.
The Chief Risk Officer also contributes to the dissemination of a risk culture throughout the Group.

[12] See Measure No. 0113852/18 of 24 April 2018.

B.3.2 Own risk and solvency assessment (ORSA)

The process for the execution of the internal current and forward-looking risk assessment is described - at the Group level - in the Internal Current and Forward-looking Risk and Solvency Assessment Policy, adopted by the Board of Directors of the Parent Company and subject to regular updates, which moreover defines the tasks, roles and responsibilities of the Corporate Bodies and the units involved, the frequency of the quantitative analysis and the corresponding rationale and the quality standards for the data used in the analysis, as well as the cases when a new evaluation of the risks is required.

Through the own risk and solvency assessment, the Group pursues the following objectives:

- to highlight the link between the business strategy, the capital allocation process and the risk profile;
- to obtain an overall view of all risks to which the Group and the Companies are exposed, or could be exposed in the future, and the current and forward-looking solvency;
- to provide to the Board of Directors and Top Management an evaluation on the design and the effectiveness of the risk management system, highlighting at the same time any deficiency and suggesting remedial actions.

In particular, with reference to the current evaluation, these objectives are achieved by:

- the measurement of the capital required according to current legal and regulatory provisions, making use of the Internal Model;
- the evaluation of the capital adequacy of the Group and the Companies, on the basis of the results obtained under the previous point.

With reference instead to the forward-looking evaluation, the objectives are pursued through ORSA, which allows for the analysis of the risk profile of the Group based on strategy, market scenarios and business trends.

In designing ORSA, the Group has followed the following principles:

- the evaluation of the risks at the Insurance Group level includes the risks from all companies included in the group supervision area and takes into account their correlations. For the purposes of the group ORSA, the ultimate Italian parent company defines a process for the assessment of risks at group level, which also includes those deriving from companies with registered office in third countries, from companies not subject to sector regulations and from other companies subject to specific sector regulations;
- the ORSA, as well as being a legal requirement, represents an internal assessment element to support operational and strategic decisions. ORSA and strategic planning processes are strictly related:
    - the estimates taken as reference for the development of the Strategic Plan are the basis for the ORSA in a forward-looking approach;
    - ORSA is used in support of the drafting and review of the Strategic Plan;
- ORSA takes into account all risks that may cause a significant decrease in Own Funds at the Group level and for each individual Company, or that have an impact on the ability to meet the commitments towards the policyholders, in line with the Risk management policy. For the risks not included in the calculation of the capital requirements set by Pillar I of the Solvency II Directive, the Group carries out a qualitative assessment. Therefore, the assessment on these risks is basically aimed, rather than to quantify the potential loss, to verify the effectiveness of the controls implemented and the good operation of the management and monitoring processes;
- ORSA is carried out in compliance with the data quality standards set by the Data Governance Policy in force at the reference date.

The execution of ORSA and the drafting of the corresponding report are started after the end of the reference year and follow a schedule consistent with the deadlines set by supervisory regulations.

Before the meeting called to approve the ORSA Report, the administrative bodies of Unipol, UnipolSai and the other Companies approve the criteria and the methodologies - including the types of stress tests and reverse stress tests - to be used in drafting the ORSA Report. The administrative bodies of UnipolSai and the other Companies later approve, within their respective areas of competence, the sections of the ORSA Report that concerns them, before this is submitted to the Board of Directors of Unipol to be approved as a whole. In compliance with legal and regulatory provisions in force, the Group sends the ORSA Report to IVASS by the deadline envisaged in regulations.

B.3.2.1 Solvency needs

The internal current and forward-looking assessment is an integral part of the risk management system and the decision-making process of the Insurance Group and the Companies and presents therefore points of contact with other corporate processes, such as:

- strategic planning and capital allocation;
- definition of the Risk Appetite;
- monitoring and mitigation of risks;
- the preparation of the Group's Pre-emptive recovery plan.

As concerns the current assessment, please note that the indicators specified in the Risk Appetite Statement are monitored on an at least quarterly basis.
The forward-looking assessment, instead, is developed in line with the schedule and the elements of the Strategic Plan and the annual budget, through which the economic capital is allocated to each Company and risk category. The capital allocation process provides for each year of the Strategic Plan a projection of the Own Funds and an estimate, through Internal Model, of the capital required according to the strategic plan scenarios. This analysis is in line with the Risk Appetite Framework, as specified within the Risk management policy.
As specified in the ORSA Report relating to the year 2020, transmitted to the Authority in accordance with the timing set forth in the legislation in force, the current and forward-looking risk assessment analyses were conducted using the following methodologies:

- PIM for capital at risk and capital adequacy, for the Unipol Group;
- PIM for capital at risk and capital adequacy, for UnipolSai;
- PIM for capital at risk and capital adequacy, for Arca Vita;
- Market Wide Standard Formula for capital at risk and capital adequacy, for the other Companies.

Unipol relied on the right pursuant to Art. 215-ter, paragraph 3 of the CAP to transmit a report on the single internal assessment of the risk profile for all Group companies. The reasons for this decision - which is moreover compliant with the normal practice exercised with reference to the ORSA analyses conducted in previous years - lie in the presence within the Group of processes characterised by a high level of consistency among the companies and therefore in the desire to consider all companies which are subject to the prudential supervisory system introduced by Directive 2009/138/EC on a unitary basis and using the same methodology.

B.3.3 Internal model governance

Unipol was authorised by IVASS to use the PIM to calculate the group Solvency Capital Requirement with reference to the following risk elements, as well as in the aggregation process:

- Non-Life and Health Underwriting Risks for the earthquake disaster component;
- Life Underwriting Risks;
- Market Risks;
- Credit Risk.

The PIM is also used in the risk management system and in the decision-making processes as a tool to support the decisions of strategic relevance of the Company and the business activities. This model is in fact used for the definition and quarterly monitoring of the Risk Appetite, in line to which operational limits are specified for each risk factor, reviewed at least once a year to ensure their effectiveness over time and reported within the Group corporate Policies.
The governance, update and validation of the PIM are regulated, respectively, by the Internal Model Governance Policy, the Internal Model Update Policy and the Internal Model Validation Policy, adopted by the Board of Directors of Unipol and subject to regular updates.

B.3.3.1 Board of Directors

The Board of Directors has the final responsibility for ensuring that the PIM is appropriate in terms of design and functionality, that it continues to reflect the risk profile of the Group and that the resources involved in the development, monitoring and maintenance of the Model are appropriate in terms of number, experience and areas of competence with respect to the objectives of these activities. The Board of Directors has a clear understanding of the Internal Model, with particular reference to its structure and the ways in which this reflects the business and is integrated in the risk management system, of the context of application and its limitations, of the methodologies and the diversification effects considered.

B.3.3.2 Role of the Committees

In support of the Board of Directors, the Control and Risk Committee provides non-binding opinions on the validation of the PIM and any risk mitigation initiative related to PIM deficiencies identified during validation.

B.3.3.3 The Risk Management Function

The Chief Risk Officer, who reports hierarchically to the Chief Executive Officer and Group CEO, is responsible for the Risk Management Function. The Risk Management Models Validation Department reports to the Chief Risk Officer.
The Chief Risk Officer supports the Board of Directors, the Director in charge of the internal control system and Top Management in the evaluation of the structure and effectiveness of the Risk Management System, highlighting any deficiencies and suggesting recommendations for resolving them, as well as the methodologies and methods used, in particular in the current and forward-looking own risk and solvency assessment, for the management of such risks. With reference to the governance of the PIM, the Chief Risk Officer is responsible for designing and implementing said Model.
Lastly, it should be noted that the Risk Management Models Validation Department enjoys the necessary independence and separation in the performance of its tasks to avoid conflicts of interest with the function responsible for designing and implementing the Internal Model. The staff of the Risk Management Models Validation Department in fact are separate and independent from those which, in the Risk Area, are responsible for the design and development of the Internal Model.

B.3.3.4 Description of the validation processes used to continuously monitor the results and adequacy of the internal model

The validation process includes all elements of the PIM, the monitoring of its good operation, the ongoing monitoring of the suitability of its specifications and the cross-check of its results against historical data.
The perimeter of the validation extends to all operational units of the Parent Company and of the Companies that have obtained authorisation from IVASS to use the PIM and to all risks included in the perimeter of the PIM.
Besides the validation on first adoption, before authorisation by the supervisory authorities to use the PIM to calculate the SCR, the PIM is subject to:

- regular validation, with annual frequency;
- occasional validation, in addition to the regular validation cycle, in the cases indicated in the Internal Model Update Policy.

The stages of the validation process are:

- analysis of the risk modules and sub-modules that constitute the Internal Model for each area set out in the Regulation;
- obtainment of information (internal documents, academic articles) in keeping with the best practice adopted in developing and implementing similar solutions to those making up the elements of the Internal Model;
- preparation and execution of tests to conduct the necessary checks for confirming the application of the best practice in implementing the Internal Model;
- in relation to the complexity and seriousness of the results obtained by the initial phase of checks, the Risk Management Models Validation Department can engage in dialogue with the units responsible for calculating the SCR in order to guarantee it has correctly identified the key methodological and practical aspects of the solutions implemented in the Internal Model subject to validation;
- planning of subsequent in-depth analyses if, also based on discussions with the units responsible for calculating the SCR, it emerges that the results obtained by the checks and the tests conducted are not sufficient;
- presentation of the analyses, tests and in-depth analyses carried out in a single document, organised by risk modules and sub-modules, areas analysed and tools used for the checks conducted.

In addition, although preserving the independence required by regulatory provisions in the execution of validation activities, the Risk Management Models Validation office makes recommendations to the developers of the PIM, with the objective of constantly improving its functioning.

B.3.4 Procedures that ensure consistency within the Group of the internal control and risk management systems and reporting

Unipol has provided the Group with an Internal Control and Risk Management System - the definition and purposes of which are described in this paragraph as well as in paragraph B.4 - which is suitable to conduct effective controls on the strategic decisions of the Group as a whole and on the operational balance of its individual members, also establishing the relative guidelines. This System provides the Group with a global and unitary approach to risk management.
The Internal Control and Risk Management System is implemented using methods that guarantee an integrated approach at Group level. The Parent Company ensures that this Internal Control and Risk Management System is implemented consistently and continuously within the entire Group, taking into account the risks of each company in the scope of group supervision and their mutual interdependencies. The principle of proportionality continues to apply, based on the nature, extent and complexity of the risks inherent in company activities carried out by the various Group companies.
In order to guarantee that procedures for reporting to the Supervisory Authority and the public are carried out consistently within all Group companies, Unipol has adopted (i) the Policy on information to be provided to the Supervisory Authority, (ii) the Policy on public disclosure, (iii) the Policy of statistical information, as well as (iv) the Reporting Policy, whereby the Parent Company, in exercising its management and coordination activities, defines guidelines for the preparation, revision and approval of reporting to the Supervisory Authority and the general public. These Policies are adopted, as applicable, by the individual Group companies in compliance with their respective business models.
The consistency of internal reporting is ensured using various methods. First of all, the Group's corporate policies govern the main information flows within the individual companies and to the Parent Company, inherent in the topic subject to the policy, by identifying their function/sending body, addressees and frequency. Particularly with regard to the internal control system, the Key Function Policies describe, inter alia, the information flows exchanged within the Group between those Functions and the bodies/other parties involved in that System. The policies and procedures applicable to the Group companies included within the group's supervisory scope require information flows from them to the Parent Company, which are part of the internal reporting system in place within the Insurance Group (e.g., information flows relating to transactions within the group and with related parties, the outsourcing of functions and activities, etc.).
Furthermore, an internal group directive has been issued by Unipol in order to achieve greater coordination in the relative activities of drawing up and issuing corporate communications documents which establishes, inter alia, that documents such as Internal Provisions, Operating Rules and Circulars must be subject to prior review by the Parent Company's Audit, Chief Risk Officer and Compliance and Anti-Money Laundering Functions, if they regard matters dealt with in Group policies or guidelines, topics transversal to multiple sectors or if they envisage the direct or indirect involvement of Parent Company functions.
Lastly, to allow for strategic, operational and technical controls meant to evaluate the various risk profiles contributed to the Group by the individual Group companies, as mentioned in par. B.1.1, the Parent Company has established several company committees including, insofar as concerns us here:

- Management Committee (oversight and supervision of the activities performed by the Group companies, management of the Group Business Continuity Management System (BCMS), evaluation of irregular situations that call for major disciplinary provisions);
- Group Investment Committee (implementation of investment strategies in line with the provisions of the Group Investment Policy, with regard to financial investments, equity investments and property investments, as well as asset and liability management, liquidity risk management and coverage of technical provisions);
- Group Risk Committee (implementation, maintenance and monitoring of the Group internal control and risk management system).

B.4 Internal control system

The Internal Control and Risk Management System is a key element in the overall corporate governance system. It consists of a set of rules, procedures and organisational structures for the effective and efficient identification, measurement, management and monitoring of the main risks, with the aim of contributing to the sustainable success of companies. In particular, it aims to ensure:

- the effectiveness and efficiency of corporate processes;
- identification, current and forward-looking assessment, management and adequate control of risks, in line with strategic guidelines and the risk appetite of the company, also in the medium-long term;
- prevention of the risk that the company be involved, even unintentionally, in illegal activities, in particular those related to money laundering, usury and terrorist financing;
- prevention and correct management of potential conflicts of interest, including those with Related Parties and with Intra-group Counterparties, as identified by legal and regulatory provisions of reference;
- verification that corporate strategies and policies are implemented;
- safeguarding of company asset values, also in the medium to long term, and proper management of assets held on behalf of customers;
- reliability and integrity of information provided to Corporate Bodies and the market, particularly in relation to accounting and operational information, as well as of IT procedures;
- suitability and timeliness of the company reporting system;
- compliance of the business activities of the company and the transactions carried out on behalf of the customers with the laws and regulations, corporate governance codes and internal company provisions.

The Internal Control and Risk Management System is an integral part of the company and must extend to all sectors and units, involving all employees, each for his own level and responsibility, to ensure a constant and effective control of the risk.

The Internal Control and Risk Management System is defined in the Group Directives on the corporate governance system (the "Directives"), adopted by the Unipol Board of Directors on 21 June 2019 and subsequently updated on 11 November 2021, which are complemented by the Policies of the Key Functions, recently approved during the same board meeting.
The Board of Directors is in charge of the Internal Control and Risk Management System; to this end, it approves Directives - which, inter alia, are the basis of the Internal Control and Risk Management System - as well as the Current and Forward-looking Own Risk and Solvency Assessment and Risk Management Policies and ensuring that the main corporate risks are adequately identified, assessed - also on a forward-looking basis - and controlled, as well as approving an organisational structure able to ensure, through an appropriate and consistent articulation, the separation of the roles in the execution of process activities, the traceability and visibility of the transactions and the transparency of the decision-making processes concerning the individual operational processes. The Board of Directors also periodically verifies the adequacy and effective functioning of the Internal Control and Risk Management System.
The Director in charge of the internal control system, appointed by the Board of Directors, supervises the operation of the Internal Control and Risk Management System.
The Top Management (the Chief Executive Officer, General Manager and the top managers in charge of the decision-making process and the implementation of strategies) is responsible for the overall implementation, maintenance and monitoring of the Internal Control and Risk Management System, in line with the directives of the Board of Directors and in compliance with the roles and duties assigned to it, and in accordance with guidance issued by the Parent Company.

The Internal Control and Risk Management System is designed according to the guidelines described below:

- *separation of tasks and responsibilities*: the areas of competence and the responsibilities are clearly divided among bodies and units, to avoid gaps or overlaps that may affect the operations of the company;
- *formalisation*: the activities of the administrative bodies and delegated parties must always be documented, to ensure the control on the management and the decisions taken;
- *integrity, completeness and correctness of the data stored*: it is necessary to ensure that the data recording system and the corresponding reports have appropriate information on the elements that may affect the risk profile of the company and its solvency;
- *independence of controls*: the independence of the control functions with respect to the operational units must be guaranteed.

The Internal Control and Risk Management System is regularly submitted to evaluation and review, according to the developments of the corporate activity and the reference context.
The Internal Control and Risk Management System is articulated on multiple levels:

- line controls (so-called "first-level controls"), aimed at ensuring transactions are carried out correctly. These are performed by the same operating structures (e.g. hierarchical, systematic and sample controls), also through the different units which report to the heads of the structures, or carried out as part of back office activities; as far as possible, these are incorporated in IT procedures. The operating structures are the primary bodies responsible for the risk management process and must ensure compliance with the adopted procedures for implementing the process and compliance with the established risk tolerance level;
- controls on risks and compliance ("second-level controls"), which aim at ensuring, among other things, the correct implementation of the risk management process, the execution of the activities assigned by the risk management process, compliance with the operational limits assigned to the different functions, the compliance of corporate operations with external and internal regulations and the reliability and adequacy of the calculation of Solvency II technical provisions. The functions responsible for these controls are separate from the operating functions; they help define the risk governance policies and the risk management policy;
- internal review (so-called "third-level controls"), verification of the completeness, functionality and adequacy and reliability of the Internal Control and Risk Management System (including the first- and second-level controls) and that business operations comply with the System.

In the definition of the organisational structure of the control function, the Unipol Group has adopted a Function organisational model which is structured differently depending on the reference corporate scope, in any event pursuing the main objective of ensuring uniformity and consistency at Group level in the adoption of risk governance policies, procedures and methodologies and controls. With reference to the Group Companies with registered office in Italy, a "centralised" model was again adopted for the year 2021, which calls for:

- the set-up of the Key Functions at UnipolSai;
- the outsourcing of the Key Functions to UnipolSai by the Group Companies with registered office in Italy and the appointment within those companies of Managers, meeting requirements of eligibility for office set forth in the Fit & Proper Policy, to which the overall responsibility of the Function for which they are responsible is attributed.

The Parent Company performs proportionate governance, guidance and coordination activities for the Group companies - taking into account, inter alia, the activities carried out, the individual risk profile and the contribution of each company to the Group's overall risk - also on the basis of a detailed system of information flows in order to guarantee the following:

- integrated management of risks and controls;
- common governance, direction and co-ordination approach in line with the objectives of the respective functions of the Parent Company and the strategies specified.

As noted above, within the Internal Control and Risk Management System, the task of assessing that the internal procedures, processes, policies and organisation of the company are appropriate to prevent compliance risk is assigned to the Compliance and Anti-Money Laundering Function. The compliance operational process is articulated in the following stages:

- analysis of legal and regulatory provisions;
- evaluation of the risk;
- identification of corrective actions;
- monitoring;
- reporting.

The intensity of each stage depends on the "project" or "control" approach adopted by the Compliance and Anti-Money Laundering Function, according to whether the evaluation: (i) is related to the entry into force of new laws and regulations or to new projects/processes, or; (ii) concerns external or internal regulatory provisions in force.
The assessments of the first type (*ex ante* assessments) are mainly aimed at supporting the Top Management in the corrective actions resulting from new projects/processes/laws and regulations; those of the second type (*ex post* assessments) have the purpose of representing the level of compliance of the procedures, processes, policies and internal organisation of the companies of the Group with legal and regulatory provisions applicable to the company, as well as compliance risk.

Ex ante assessments

The *ex ante* assessments are carried out at the time: i) of external events, e.g. the issue of new laws and regulations applicable to the companies by European or Italian legislators, Supervisory Authorities, etc. or ii) of internal events, e.g. the proposal by the management of new projects, the development of new operating processes or the revision of existing processes.

These assessments are usually scheduled within the annual plan of the Compliance and Anti-Money Laundering Function and the scope is chosen according to a priority system that focuses, mainly, on the relevance and the impact (also reputational) of the newly-issued legal and regulatory provisions (or expected process innovations) with respect to the organisation and business model of the company. The *ex ante* assessments may also be started after a one-off request by the supervisory authorities, the corporate bodies or the management.

Ex post assessments

Ex post assessments concern external supervisory regulations (e.g. IVASS and Consob Regulations, Laws and Decrees, etc.), as well as internal regulations; they may also concern company processes. These assessments are usually scheduled within the annual plan of the Function, according to a priority system that focuses on:

- the need to monitor the newly issued applicable regulations, also in consideration of their relevance and complexity;
- the evaluation of the risks in regard to laws and regulations that are subject to special attention by regulators and Supervisory Authorities, or that are subject to especially strict sanctions;
- the results of previous assessments, *ex ante* and *ex post*;
- the time passed since the latest analysis carried out by the Compliance and Anti-Money Laundering Function and the other Key Functions in regard to the relevance of legal and regulatory provisions in question;
- the data related to claims and sanctions received, if available.

The *ex post* assessments may also be started following a one-off request by the Supervisory Authorities, the corporate bodies or the management.

B.5 Audit

The Audit Function is responsible for assessing and monitoring the effectiveness, efficiency and adequacy of the internal control system and the additional components of the system of corporate governance, according to the nature of the business activities performed and the level of risks undertaken, its consistency with the guidelines defined by the Board, as well as its updating, if applicable, also through support and advisory activities provided to other company functions. The procedures of execution of the tasks assigned to the Audit Function are specified and formalised in the "Audit Function Policy".

The Audit Manager has specific expertise and professionalism for carrying out the activities and has the authority needed to ensure their independence. Audit has been provided with personnel and technology resources consistent, for quantity and quality, with the purpose of the controls. Personnel in charge of the activities is given - for the execution of the assessments - access to all units and documents related to the corporate area object of assessment, including all information useful for the assessment of the suitability of the controls carried out on outsourced corporate functions.

Audit activities include in particular:

- the audits on the fairness of management processes and the effectiveness and efficiency of organisational procedures;
- the audits of the compliance of the different operational sectors with the limits set by the delegation mechanisms as well as of the full and correct use of the information available in the different activities;
- the audits on the suitability and reliability of the IT systems so that the quality, accuracy and promptness of the information on which the top management bases its decisions is ensured;
- the audits relating to the reliability of the accounting data to ensure that the administrative-accounting processes meet criteria of fairness and regular keeping of the accounts;
- the assessments on the effectiveness and actual performance of the controls carried out on outsourced activities;
- the audit of the regularity and functionality of the reporting activities between corporate sectors;
- the Solvency II audits on the elements that make up the internal control system monitoring the correct and effective governance of the models adopted;

- the support to all units in the preparation of new processes and activities, through specific control and regulatory tasks, so that the necessary levels of security and the points of verification are appropriately specified and constantly monitored;
- the reporting to the Board of Directors, the Director in charge of the internal control system, Top Management, managers of the operating units, the Control and Risk Committee, the Remuneration Committee, the Board of Statutory Auditors and the Supervisory Board;
- the co-operation with the Control and Risk Committee, the independent audit firm, the Board of Statutory Auditors and the Supervisory Board.

The Audit Function operates in compliance with the regulations, measures and resolutions of the Supervisory Authorities, the Code of Ethics of the Institute of Internal Auditors and the best practices widely applied in the industry.
The audits conducted by the Audit Function are classified into the following main types:

- process audits: audits aimed at assessing the effectiveness, efficiency and actual performance of the internal controls regarding insurance, financial, management, governance and IT processes fall under this area. As part of said audits: (i) an analysis is conducted on the process subject to audit, in order to identify the activities, risks and controls in place and (ii) tests are performed on the controls put in place to monitor the risks considered significant;
- audits on settlement structures: the audits on observance of the external and internal regulations by the settlement structures fall under this domain;
- audits on internal fraud: this area includes the detection/verification of fraudulent behaviour or technical/regulatory or behavioural irregularities which call for the competent structures to take the necessary measures;
- audits deriving from regulatory obligations.

Based on the results of the audits conducted, the Audit Function formulates recommendations for the resolution of any criticalities and gaps identified and, at a later date, controls the effectiveness of the corrections made to the system.
If the audits highlight situations of particular relevance or severity, the Audit Function promptly reports them to the Board of Directors, the Control and Risk Committee, the Director in charge of the internal control system, the Top Management and the Board of Statutory Auditors.

B.6 Actuarial function

With reference to Solvency II Technical Provisions, in compliance with Art. 30-sexies of the CAP and with the relative implementing provisions and in line with what was decided at the time of set-up of the Actuarial Function, the Function carries out the following tasks with reference to the Group:

- to coordinate the calculation of the Technical Provisions, as well as the evaluation and the validation of the data to be used in the procedure of evaluation of the adequacy of the provisions;
- to ensure the suitability of the methodologies and the models used, as well as of the assumptions on which the calculation of the Technical Provisions is based, also in terms of proportionality of the methodologies to the nature, magnitude and complexity of the risks underlying the commitments taken;
- to assess the adequacy and quality of the data used in the calculation of the Technical Provisions;
- to compare the best estimates with historical data;
- to inform the Board of Directors about the reliability and suitability of the Technical Provisions' calculation;
- to supervise the calculation of the Technical Provisions in the cases specified by legal and regulatory provisions;
- to express an opinion on the global risk underwriting policy;
- to express an opinion on the suitability of the re-insurance agreements;
- to verify the consistency between the amounts of the technical provisions calculated on the basis of assessment criteria applicable to the financial statements and the calculations resulting from the application of Solvency II criteria, as well as the resulting presentation and justification of any differences. This consistency check is also carried out between the databases and the data quality process adopted, respectively, for prudential and statutory purposes;
- to contribute to apply the risk management system effectively, in particular with reference to the modelling of the risks underlying the calculation of capital requirements, and own risk and solvency assessment.

The Actuarial Function collaborates with the Chief Risk Officer in the analysis and assessment of the methodologies and assumptions used in determining future taxable profit for the calibration of the adjustment for the loss absorbing capacity of deferred taxes (ALAC-DT).

Furthermore, the contribution of the Actuarial Function may also be required in the definition of the strategic plan as well as for specific business requirements.

Lastly, pursuant to Art. 92, paragraph 1 of Regulation 38, the Group's Actuarial Function formulates, inter alia, an opinion on the management of assets-liabilities and on the solvency of the group, as well as on the company's recognition of a discretionary participation in profit, where appropriate in relation to the contractual forms offered.

B.7 Outsourcing

The Outsourcing and supplier selection policy ("Outsourcing Policy") defines guidelines on outsourcing and governs the decision-making processes, responsibilities, tasks and controls required on the outsourcing of activities and corporate functions within the Unipol Group, as well as to third parties, strengthening in this way the control of the risks deriving from outsourcing decisions. The Outsourcing Policy is approved by the Unipol Board of Directors and is subject to periodic updates[13].
The Policy in particular specifies:

- the criteria and restrictions to identify the activities to be outsourced;
- the criteria and process to classify functions or activities as essential or important and the important operational functions;
- the outsourcing risk assessment;
- the criteria to select the suppliers;
- the decision-making process for the outsourcing of corporate functions or activities, as well as to check for any conflicts of interest, including those relating to relations with suppliers and the assessments carried out to understand the main risks deriving from outsourcing and to identify the relative mitigation and management strategies;
- the minimum content of the outsourcing contracts and the criteria to define the expected service levels of the outsourced activities and the methods for their assessment, as well as the conditions on the basis of which the supplier may make recourse to sub-outsourcing;
- monitoring of outsourcing agreements;
- access and audit rights in the event of outsourcing;
- the internal reporting activities to provide the control bodies and entities, as well as the Key Functions, with the full knowledge and governability of the risk factors related to the functions outsourced;
- the methods for storing documentation relating to outsourcing;
- the guidelines to be followed in case of incorrect execution of the outsourced functions or activities by the service provider, including those related to emergency plans and exit strategies and any new outsourcing assignments or in-housing, in the case of outsourcing of essential or important functions and activities;
- the reporting obligations towards the Supervisory Authorities;
- the keeping of the register of cloud [14]outsourcing.

In compliance with the relevant supervisory provisions, the Company deems essential or important those functions or activities that meet at least one of the following conditions:

- anomalous execution or failure to execute may seriously jeopardise:
  - the financial performance, the solidity/stability of the Company or the continuity and the quality of the services provided to customers; or,
  - the ability of the Company to continue to meet the conditions for the authorisation to the exercise of the activities or the obligations specified by applicable supervisory regulations;
- concern operational processes of the Key Functions, or have a significant impact on risk management;
- are subject to legal reservation.

The following functions/activities, even if not meeting the conditions laid out above, should also be considered essential or important Functions or Activities:

[13] The last update to the Outsourcing Policy was approved by the Board of Directors of Unipol on 16 December 2021.
[14] This provision was inserted in the latest update of the Outsourcing Policy and, therefore, is not applicable to the reference year of the Report.

- those which relate to processes of strategic relevance or processes strictly functional or connected to those of strategic relevance;
- those whose anomalous execution could have a significant impact, in terms of reputational risk;
- those which result in a relevant overall exposure of the Company (and the Group, if applicable) to a single service provider and/or a significant cumulative impact in the same operating area;
- those whose service provider is considered irreplaceable;
- those which relate to operating areas of the Company of significant size and complexity;
- those which may entail a risk for the protection of personal data and non-personal data with regard to the Company, the policyholders and other relevant parties, in particular in terms of the potential impact of a breach of privacy or the failure to guarantee the availability and integrity of the data on the basis, *inter alia*, of the GDPR as regards personal data.

Within this classification, outsourcing cannot be considered outsourcing of essential or important functions or activities, with regard to the economic significance of the outsourced activities and their volumes with respect to total volumes, as well as the actual degree of independence of the service provider in the execution of the activities specified by the outsourcing contract.

The classification must be developed before concluding any outsourcing agreement; in performing this assessment, when appropriate, the Company should consider whether the agreement has the potential to become essential or important in the future. Lastly, the assessment should be performed again should there be a substantial change in the nature, extent and complexity of the risks inherent in the agreement.

In compliance with regulations in force in the reference sector, the provisions of the "Outsourcing Policy" and the system of authorisations and powers adopted, the Company may outsource the typical activities and functions of its industry, as well as activities auxiliary and instrumental to running the business.

The Company may conclude outsourcing agreements, provided the nature and the quantity of the activities to be outsourced, as well as the outsourcing procedures, do not result in a transfer of the main activities of the Company. In particular, the Company cannot, by outsourcing:

- delegate its responsibilities, or the responsibilities of its Corporate Bodies. In line with this principle, the outsourcing of activities that are expressly included in the tasks of the latter is not allowed;
- jeopardise the quality of the internal controls and the system of governance of the Company;
- cause an undue increase in operational risk;
- outsource the Key Functions outside the Unipol Group;
- change the relations and the obligations towards the customers;
- jeopardise its ability to meet the obligations specified by supervisory regulations or fail to maintain the reserves provided for by the law;
- hinder the supervision;
- outsource the assumption of risk.

The Company has identified among its personnel a contact person to control the outsourced activities and has formalised the relative tasks and responsibilities.
The outsourcing of essential and important functions or activities, identified according to the above criteria, is subject - as well as to the prior notification to the Supervisory Authorities, if required, - (i) to the approval procedure specified by the system of mandates and powers in force, if the service providers belong to the Unipol Group and (ii) to the approval of the Board of Directors if the consideration exceeds the limit value of the powers attributed to the Chief Executive Officer/General Manager or the service providers are resident outside the European Economic Area (EEA), if the service providers do not belong to the Unipol Group. In particular, the Key Functions, given the relevance taken within the more general Internal Control and Risk Management System, may be outsourced, if allowed by legal and regulatory provisions, and in any case in compliance with the restrictions set by competent Supervisory Authorities, only within the Unipol Group, after resolution of the Board.

The table below provides information on the essential or important functions and activities[15] outsourced by the Parent Company and the jurisdiction in which the providers of these functions and activities are located.

[15] The classification as Essential or Important in this table originates, for some contracts, from analyses before the issue of the Group Outsourcing Policy and its subsequent updates, and may therefore sometimes depart from the criteria set by it.

Essential or important outsourced functions or activities	Provider	Provider's registered office
Operational Services	UnipolSai Assicurazioni SpA	Via Stalingrado, 45 - Bologna
Management of financial resources	UnipolSai Assicurazioni SpA	Via Stalingrado, 45 - Bologna

The table below provides information on the relevant intra-group outsourcing agreements.

Essential or important outsourced functions or activities	Provider	Provider's registered office
Operational Services	UnipolSai Assicurazioni SpA	Unipol Gruppo SpA
Management of financial resources	UnipolSai Assicurazioni SpA	Unipol Gruppo SpA
Call centre in support of intermediaries and policyholders	Arca Inlinea Scarl	Arca Assicurazioni SpA
Design, implementation and management of computer applications	Arca Sistemi Scarl	Arca Assicurazioni SpA
Archiving of legally admissible optical documents	Arca Sistemi Scarl	Arca Assicurazioni SpA
Management of financial resources	UnipolSai Assicurazioni SpA	Arca Assicurazioni SpA
Personnel administration services	UnipolSai Assicurazioni SpA	Arca Assicurazioni SpA
Anti-terrorism	UnipolSai Assicurazioni SpA	Arca Assicurazioni SpA
Key Functions	UnipolSai Assicurazioni SpA	Arca Assicurazioni SpA
Claims management on health products	UniSalute SpA	Arca Assicurazioni SpA
Claims, guarantee, assistance management	UnipolAssistance Scarl	Arca Assicurazioni SpA
Call centre in support of intermediaries and policyholders	Arca Inlinea Scarl	Arca Vita SpA
Design, implementation and management of computer applications	Arca Sistemi Scarl	Arca Vita SpA
Archiving of legally admissible optical documents	Arca Sistemi Scarl	Arca Vita SpA
Management of financial resources	UnipolSai Assicurazioni SpA	Arca Vita SpA
Personnel administration services	UnipolSai Assicurazioni SpA	Arca Vita SpA
Anti-money laundering and Anti-terrorism	UnipolSai Assicurazioni SpA	Arca Vita SpA
Key Functions	UnipolSai Assicurazioni SpA	Arca Vita SpA
Risk Management	UnipolSai Assicurazioni SpA	Arca Vita International DAC
Audit	UnipolSai Assicurazioni SpA	Arca Vita International DAC
Management of information systems	Arca Sistemi Scarl	Arca Vita International DAC
Management of financial resources	UnipolSai Assicurazioni SpA	BIM Vita SpA
Personnel administration	UnipolSai Assicurazioni SpA	BIM Vita SpA
Operational services	UnipolSai Assicurazioni SpA	BIM Vita SpA
Key Functions	UnipolSai Assicurazioni SpA	BIM Vita SpA
Personnel administration	UnipolSai Assicurazioni SpA	Incontra Assicurazioni SpA
Services for collection of claims reported, management and claim settlement	UnipolSai Assicurazioni SpA	Incontra Assicurazioni SpA
Operational services	UnipolSai Assicurazioni SpA	Incontra Assicurazioni SpA
Management of financial resources	UnipolSai Assicurazioni SpA	Incontra Assicurazione SpA
Key Functions	UnipolSai Assicurazioni SpA	Incontra Assicurazioni SpA
Car repair	UnipolService SpA	Compagnia Assicuratrice Linear SpA
Operational Services	UnipolSai Assicurazioni SpA	Compagnia Assicuratrice Linear SpA
Claims settlement	UnipolSai Assicurazioni SpA	Compagnia Assicuratrice Linear SpA

Essential or important outsourced functions or activities	Provider	Provider's registered office
Finance		
Personnel administration	UnipolSai Assicurazioni SpA	Compagnia Assicuratrice Linear SpA
Key Functions	UnipolSai Assicurazioni SpA	Compagnia Assicuratrice Linear SpA
Assistance claims settlement	UnipolAssistance Scarl	SIAT Società Italiana di Assicurazioni e Riassicurazioni per Azioni
Personnel administration	UnipolSai Assicurazioni SpA	SIAT Società Italiana di Assicurazioni e Riassicurazioni per Azioni
Management of financial resources	UnipolSai Assicurazioni SpA	SIAT Società Italiana di Assicurazioni e Riassicurazioni per Azioni
Services for collection of claims reported, management and claim settlement	UnipolSai Assicurazioni SpA	SIAT Società Italiana di Assicurazioni e Riassicurazioni per Azioni
Operational Services	UnipolSai Assicurazioni SpA	SIAT Società Italiana di Assicurazioni e Riassicurazioni per Azioni
Real estate services: Operational management of sales and purchases - Property leasing - Projects - Tenders - Logistics - Facility Management - Equity management - Property	UnipolSai Assicurazioni SpA	SIAT Società Italiana di Assicurazioni e Riassicurazioni per Azioni
Key Functions	UnipolSai Assicurazioni SpA	SIAT Società Italiana di Assicurazioni e Riassicurazioni per Azioni
Actuarial Function Calculation	UnipolSai Assicurazioni SpA	SIAT Società Italiana di Assicurazioni e Riassicurazioni per Azioni
Management of financial resources	UnipolSai Assicurazioni SpA	UnipolRe DAC
Operational services	UnipolSai Assicurazioni SpA	UnipolRe DAC
Car repair	UnipolService SpA	UnipolSai Assicurazioni SpA
Technical assistance in negotiating and signing contracts - Portfolio management - Goods in Transit administr. management	SIAT Società Italiana di Assicurazioni e Riassicurazioni per Azioni	UnipolSai Assicurazioni SpA
Reinsurance Risk carrier and service provider	UnipolRe DAC	UnipolSai Assicurazioni SpA
Call centre for medical assistance, routing, reservations, claims management and settlement	UniSalute SpA	UnipolSai Assicurazioni SpA
Finance	UnipolSai Assicurazioni SpA	UniSalute SpA
Personnel administration	UnipolSai Assicurazioni SpA	UniSalute SpA
Operational Services	UnipolSai Assicurazioni SpA	UniSalute SpA
Key Functions	UnipolSai Assicurazioni SpA	UniSalute SpA

B.8 Any other information

The Board has reviewed the suitability of the organisation, administrative and accounting structure and, in particular, of the Internal Control and Risk Management System of the Company and its main subsidiaries, also on the basis of regular reports of the Chief Executive Officer and Group CEO, as well as the Director in charge of the internal control system, the Control and Risk Committee and the Key Functions.

There is no other significant information on the company's system of governance.


DYADEA

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RISK PROFILE

C Risk profile

C.1 Underwriting risk

Non-Life and Health Underwriting Risk

Non-Life and Health Underwriting Risk is represented, within the PIM, through the following risk sub-modules:

- Premium Risk: risk deriving from fluctuations concerning the timing, frequency and seriousness of insured events related to contracts in force at the date of evaluation or that will be underwritten in the year after the date of evaluation t ("next year"). It is assessed using the Standard Formula, based on the use of volatility parameters defined by the Regulator or specific to the Undertaking and expressed as a percentage of a volume measure. The measure of volume for Premium Risk is represented by an estimate of the premiums that will accrue the year after the valuation date;
- Reserve Risk: risk deriving from fluctuations concerning the timing and amount of future payments for claims already made at the date of evaluation. It is assessed using the Standard Formula, based on the use of volatility parameters defined by the Regulator or specific to the Undertaking and expressed as a percentage of a volume measure. The measure of volume for Reserve Risk is represented by the best estimate of claim provisions;
- Catastrophe Risk: risk of losses or unfavourable changes in the value of the insurance liabilities due to extreme or exceptional events. It is valued with an internal model for Earthquake Risk and with the Standard Formula for the remaining risks;
- Lapse Risk: risk of early extinction – on the initiative of the policyholder – of multi-year contracts. It is valued with the Standard Formula.

For the calculation of the capital requirement for the Premium and Reserve sub-modules using the Standard Formula, the specific parameters of the Group (Group Specific Parameters, or GSP) were used for the segments subject to specific authorisation by the supervisory authorities; the Market Wide parameters were used in all other cases. The authorisation concerns the following segments of the insurance and re-insurance obligations as specified in Annex II of the Delegated Regulation EU 2015/35, 10 October 2014:

- **Segment 1:** Proportional insurance and reinsurance on TPL resulting from the circulation of vehicles (Motor Vehicle Liability Insurance - MVL);
- **Segment 4:** Proportional insurance and reinsurance against fire and other damage to property (Fire and other damage to property insurance - FDP);
- **Segment 5:** Proportional insurance and reinsurance on general TPL (General Liability Insurance - GLI).

With the exception of Earthquake Risk, Catastrophe Risks are assessed with the Scenario Based method of the Standard Formula, as specified by the Delegated Regulation of the Solvency II regulations. The Partial Internal Model for the evaluation of Earthquake Catastrophe Risk consists of three different calculation modules:

- "Hazard": assesses the uncertainty associated with the possibility of an earthquake occurring in a given area (frequency) and the uncertainty relating to its magnitude (intensity);
- "Vulnerability": assesses the seismic vulnerability of different types of insurable assets to a seismic event of a given intensity;
- "Financial": identifies the economic loss to the insurance company (in terms of deductibles, the sum insured, reinsurance cover, etc.).

Surrender risk is assessed using the method specified by the current legal and regulatory provisions, based on a scenario of loss of a part of the multi-year policy portfolio with positive expected profit.

The Partial Internal Model configuration for the Non-Life and Health risk modules of the Unipol Group envisages the production of the probability distribution function (PDF) of the aggregated loss of the two modules based on the results produced by the Standard Formula (GSP if applicable) for the Premium and Reserve, Lapse and Catastrophe sub-modules – all perils with the exception of Earthquake – and by the Internal Model for the Earthquake Catastrophe risk.
The following table provides volume measures for Non-Life and Health Premium and Reserve Risk. The data are reported for each LoB in which the Group operates.

Volume measure for Non-Life and Health premium and reserve risk

Amounts in €k	Volume measure and premium risk	% on total	Volume measure and reserving risk	% on total
Motor vehicle liability insurance	3,067,043	35.0%	3,930,120	48.4%
Fire and other damage to property insurance	1,442,137	16.4%	792,292	9.8%
General Liability Insurance	814,194	9.3%	2,149,182	26.5%
Total LOB GSP	**5,323,375**	**60.7%**	**6,871,594**	**84.6%**
Other motor insurance	909,177	10.4%	193,891	2.4%
Marine, aviation and transport insurance	59,022	0.7%	85,865	1.1%
Credit and suretyship insurance	45,042	0.5%	154,372	1.9%
Legal expenses insurance	34,239	0.4%	34,757	0.4%
Assistance	242,772	2.8%	37,470	0.5%
Miscellaneous financial loss	101,852	1.2%	22,534	0.3%
Non-proportional property reinsurance accepted	70	0.0%	4,902	0.1%
Non-proportional casualty reinsurance accepted	42	0.0%	6,594	0.1%
Non-proportional marine, aviation and transport reinsurance		0.0%	449	0.0%
Income protection insurance	848,573	9.7%	348,339	4.3%
Medical expense insurance	1,202,825	13.7%	363,444	4.5%
Non-proportional health reinsurance accepted	16	0.0%	34	0.0%
Total	**8,767,004**	**100.0%**	**8,124,245**	**100.0%**

In the period subject to analysis, no substantial changes were made to the measures used to assess risks.

The SCR of the Non-Life and Health Underwriting risk module for the Group calculated with the Partial Internal Model, using GSP parameters at 31 December 2021, was equal to €2,070,029k. With respect to the solvency requirement at 31 December 2020, there was a change of +€83,800k. This variation is generated by the change in volumes between FY2020 and FY2021 and the update in GSP parameters.

Non-Life and Health SCR with GSP use

Amounts in €k

Risk sub-module	2021	2020	Change on 2020
Non-Life	**2,024,919**	**1,956,572**	**68,348**
Non-Life premium and reserve	*1,611,828*	*1,586,215*	*25,613*
Non-Life surrender	*35,740*	*33,914*	*1,825*
Non-Life CAT	*629,172*	*552,467*	*76,705*
Health	**472,558**	**426,584**	**45,975**
Total Non-Life and Health SCR	**2,070,029**	**1,986,228**	**83,800**

Concentration of risks
According to the provisions of Chapter III of IVASS Regulation No. 30 of 26 October 2016, risk concentrations are assessed at the Group level and measured in line with what is set forth within the specific policy approved by the Board of Directors of the Parent Company Unipol Gruppo SpA. This policy envisages that the concentration of Non-Life and Health underwriting risks is measured with respect to:

- insurance liabilities in financial statements:
  - values of provision for individual claim;
- contingent liabilities outside the financial statements:
  - natural catastrophe exposures[16] grouped by risk factor and appropriate territorial clusters;
  - exposures by risk or policy on individual insured party or group of related parties;
  - exposures for the Bond class grouped by sector.

With reference to 31 December 2021, the Group's risk portfolio has significant risk concentrations in relation to exposure to the natural disasters of earthquakes, floods and hail, several Bond class sectors and certain exposures for individual insured counterparties. Re-insurance and other risk transfer techniques are the main tools used by the Group to mitigate the exposures or the concentration of exposures that could lead to a divergence of the current risk profile from the one desired.

Risk mitigation techniques
The Group uses outwards reinsurance as a risk mitigation technique.
With regard to the Premium and Reserve risks, the calculation of the capital requirement at 31 December 2021 was carried out by taking into account the outwards reinsurance agreements, both for their effect on the measures of volume and, if appropriate, for their impact on the GSP estimates, as specified by legal and regulatory provisions.

For the calculation of the capital requirement at 31 December 2021 for the Catastrophe Risk sub-module using the Standard Formula, the outwards reinsurance agreements were applied in line with the provisions of IVASS Regulation No. 31, 9 November 2016. For the calculation of the capital requirement for Earthquake Risk using the Internal Model, the outwards reinsurance agreements were applied in line with legal and regulatory provisions and integrated with the other secondary risk sub-modules.

Life Underwriting Risks

The underwriting risk for Life insurance represents the risk deriving from Life insurance commitments, keeping into account the perils covered and the procedures used in the exercise of the activity.

The Life portfolio of the Unipol Group consists mostly of revaluable products, related to the financial returns of the Segregated Funds (LoB1).
The table below shows the details of the composition of the portfolio in terms of Best Estimate of Life liabilities.

Life portfolio at 31 December 2021

Amounts in €k

Best Estimate of Liabilities (BEL)	Amount at 31/12/2021
Insurance with profit participation	40,120,592
Index-linked and unit-linked insurance	8,196,638
Other life insurance	(138,218)
Indirect business	2,324
Total	**48,181,336**

The table above also includes the Best Estimate Liabilities relating to the foreign subsidiaries, for €498,719k, and the Best Estimates relating to the RFFs, amounting to €985,465k.

[16] Considered significant on the basis of the analysis of the portfolio risks of the Group.

The portfolio of the Group is exposed to the following risk factors:

- mortality risk: associated with an unfavourable change in demographic bases resulting from experience (higher death rate) compared to those used in determining the tariff;
- longevity risk: associated with an unfavourable change in demographic bases resulting from experience (lower death rate) compared to those used in determining the tariff;
- surrender risk: associated with adverse changes in the level or volatility of the incidence of surrenders, withdrawals, early settlements and terminations in premium payments;
- expense risk: associated with adverse changes in the value of expense relating to policies compared to the values used to determine the tariff;
- catastrophe risk: deriving from an unforeseeable event, the consequence of which is to affect multiple individuals at the same time, generating a number of claims for amounts significantly higher than expected.

The Unipol Group was authorised to use the Internal Model to calculate the following risk factors:

- mortality/longevity risk;
- surrender risk;
- expense risk.

Catastrophe risk and the Class D component of the Life portfolio (Index Linked, Unit Linked and Pension Funds) are instead assessed with the Standard Formula.

In the period subject to analysis, no substantial changes were made to the Life Underwriting risk module.

With reference to the years ended 31 December 2021 and 31 December 2020, below we provide a breakdown for the individual SCR sub-modules of the Underwriting risk.

Life SCR partial internal model

Amounts in €k

Risk sub-module	2021	2020	Change on 2020
Mortality/Longevity	*103,062*	*109,693*	*(6,632)*
Disability			
Surrender	*159,486*	*201,195*	*(41,709)*
Life expenses	*190,420*	*179,705*	*10,715*
Revision			
Life catastrophe	*41,984*	*37,951*	*4,033*
Life SCR Remaining part	352,974	354,444	(1,471)
SCR Ring Fenced Fund	18,162	19,623	(1,461)
Life SCR	371,135	374,067	(2,931)

Please note that the Life Underwriting risk SCR is represented, in line with the attached QRT S.25.02.22, net of the Conservative Margin defined by the Supervisory Authority on the surrender risk sub-module.

The data show that the main sources of risk are represented by surrender and expenses: the SCRs relating to surrender risk and expense risk indeed represent 38% and 32% respectively of the non-diversified Life Underwriting risk.
With respect to 31 December 2020, there was basically no change in the solvency requirement at 31 December 2021.

Concentration of risks
According to the provisions of Chapter III of IVASS Regulation No. 30, 26 October 2016, risk concentrations are assessed at Group level. Each Company contributes to the significant risk concentrations observed at the Group level through its insurance liabilities.
With reference to risk concentrations, special attention is paid to surrender and mortality risks.

In general, the Group aims to mitigate the concentration of its exposure to surrender risk by limiting contracts entered into for significant amounts with the same policyholder. This guideline is followed in general individual and corporate product placement activities, and in particular with reference to capitalisation contracts linked to segregated funds. If the policyholder represents multiple parties (such as a Pension Fund) and even more so if the investment risk is borne by those insured (LoB 2), specific assessments are performed on a case by case basis considering the lower probability of the simultaneous surrender of the entire group of participants and thus the lower impact of surrender risk.

With regard to mortality risk, re-insurance and other risk transfer techniques are the main tools used by each Company to mitigate the exposures or the concentration of exposures that could lead to a divergence of the current risk profile from the one desired.

Note that when determining the Risk Appetite levels, Life Underwriting Risks are measured in terms of capital at risk. Notably, the capital at Life Underwriting Risk takes into account all risks and all exposures related to the Life portfolio, including those exposures classified as being at risk of concentration.

Risk mitigation techniques
Mitigation actions may be taken through reinsurance, with the transfer of a portion of mortality risk.

C.2 Market risk

Market risk refers to all risks which have the effect of diminishing investments of a financial or real estate nature as a result of adverse trends in the relevant market variables.

With the Internal Model it is possible to calculate the value of the capital needed to absorb the maximum potential loss while maintaining the solvency of the Group.

Pursuant to Solvency II guidelines, the amount of the potential loss is measured in terms of Value at Risk (VaR), understood as the maximum potential loss that the company may incur over a given time horizon, with a given confidence interval. The internal model takes as time horizon a period equal to one year and a confidence interval equal to 99.5%.

The Market Risk classes identified are the following:

- Interest rate risk: the risk of a potential adverse change in the net asset value due to a change in the term structure of interest rates;
- Interest rates volatility risk: the risk of a potential adverse change in the net asset value due to a change in the volatility of interest rates;
- Equity risk: the risk of a potential adverse change in the net asset value due to changes in stock market prices;
- Equity volatility risk: the risk of a potential adverse change in the net asset value due to changes in the volatility of equities;
- Exchange rate risk: the risk of a potential adverse change in the net asset value due to changes in the value or the volatility of exchange rates;
- Spread risk: the risk of a potential adverse change in the net asset value due to changes in the value of the credit spread with respect to the risk-free curve;
- Yield risk: the risk of a potential adverse change in the net asset value due to joint changes in the value of the credit spread and the risk-free rates;
- Property risk: the risk of a potential adverse change in the net asset value due to changes in the value of the land, buildings and corresponding rights, direct and indirect participations in real estate companies, as well as instrumental property used for insurance activities and investment funds the components of which may be considered equivalent to the categories previously described;
- Concentration risk: the additional risk deriving from a limited diversification of the financial asset portfolio, or a high exposure to the default of a single issuer.

The Unipol Group was authorised to use the Internal Model to calculate the capital requirement for the following risk factors:
- Interest rate risk;

- Interest rates volatility risk;
- Equity risk;
- Equity volatility risk;
- Exchange rate risk;
- Spread risk;
- Yield risk[17];
- Property risk.

Concentration Risk and Market Risk for index linked and unit linked policy portfolios and pension funds are instead assessed with the Standard Formula.

These risk classes make possible an appropriate representation of the measurement of the maximum loss and the trend of the profits and losses on the investment portfolio according to the investment classes specified by the Group Investment Policy.

The Group Investment Policy defines the investment activity on all the assets of the company included in the perimeter, according to the nature, magnitude and complexity of the risks characterising the corporate activities, in line with the principles of prudent management. It takes into account, on one hand, the risk appetite and the possibility to identify, measure, monitor and manage the risks related to each asset type without relying only on the fact that the risks are correctly considered in the capital requirements and, on the other, the characteristics and the nature of the liabilities, the cash flows matching requirements and the control of the investment margins.

The table below shows the Group's financial portfolio composition at 31 December 2021; this representation is consistent with that of the QRT S.02.01.02 attached to this report and indicates the relevant exposures for the purpose of calculating Market Risk.

The financial portfolio at 31 December 2021 consisted for 79.2% of Bonds and, in particular, 52.4% of financial assets consisted of Government Bonds.

Composition of the financial portfolio

Amounts in €k	Solvency II value 2021	Exposure % on total PTF
Property, plant & equipement held for own use	2,468,506	3.9%
Property (other than for own use)	2,462,570	3.9%
Holdings in related undertakings, including participations	2,336,523	3.7%
Equities	1,615,628	2.6%
Equities - listed	*1,438,346*	*2.3%*
Equities - unlisted	*177,283*	*0.3%*
Bonds	50,072,810	79.2%
Government Bonds	*33,128,779*	*52.4%*
Corporate Bonds	*16,639,542*	*26.3%*
Structured notes	*304,129*	*0.5%*
Collateralised securities	*360*	*0.0%*
Collective Investments Undertakings	4,002,000	6.3%
Derivatives	133,832	0.2%
Deposits other than cash and cash equivalents	160,796	0.3%
Total portfolio	**63,252,664**	**100.0%**

The table above also includes the assets relating to the foreign subsidiaries for an amount of €1,010,236k.

[17] The Market internal model generates joint distributions for the returns on financial and industrial securities, the returns on government bonds and the risk free curve. The spread risk is obtained on the basis of a marginal distribution of the spread of financial and corporate securities not significant for the purposes of the calculation of the Market VaR.

The value of the Class D portfolio, consisting of financial assets relating to Unit- and Index-linked policies consistent with the perimeter of calculation of the Market SCR remaining part, as at 31 December 2021, assumed a value of €6,707,003k. This value is not included in the table above.

All assets, in particular those set against the minimum capital requirement and the Solvency Capital Requirement, are invested in a way to ensure the safety, quality, liquidity and profitability of the portfolio as a whole.

The strategic investment policy, defined in the Group Investment Policy, identifies the investment activity on all the assets of the company included in the perimeter, according to the nature, magnitude and complexity of the risks characterising the corporate activities, in line with the principles of prudent management. It takes into account, on one hand, the risk appetite and the possibility to identify, measure, monitor and manage the risks related to each asset type without relying only on the fact that the risks are correctly considered in the capital requirements and, on the other, the characteristics and the nature of the liabilities, the cash flows matching requirements and the control of the investment margins. In light of what is laid out above, the strategic investment policy establishes, for each company and as a result for the Group as a whole, the strategic medium/long-term composition of the investment portfolios, defining limits on investments by individual company and specific limits at consolidated level for each source of significant risk for the Group, providing for an adequate diversification and spreading of assets so as to guarantee the continuous availability of sufficient assets to cover liabilities, as well as the security, quality, liquidity and profitability of the portfolio as a whole, taking into account, for investments concerning the Life business, the reasonable expected returns of policyholders, compatible with the types of policies taken out, with the minimum level of return and with the minimum level of security that the Companies intend to guarantee, as well as what is laid out in contractual regulations.

The strategic investment policy is also adopted taking into account the fact that the assets covering the technical provisions must be adequate in relation to the nature of the risks and obligations assumed and the duration of the liabilities, in the best interest of all policyholders, the insured, the beneficiaries and those entitled to insurance benefits, while observing the supervisory provisions on the coverage of technical provisions. The underlying principles of the strategic investment policy are:

- general principles of security, quality, liquidity, profitability and availability of the entire asset portfolio, taking into account the liabilities held;
- evaluation of risk appetite, risk tolerance levels and the possibility to identify, measure, monitor and manage risks connected to each asset type;
- Strategic Asset Allocation which ensures the achievement of the targets pursued by the integrated asset and liability management and the liquidity and concentration risk management policies as well as return objectives;
- definition of investment selection and management criteria in the best interest of the policyholders and beneficiaries, and those entitled to insurance benefits, including if there is a conflict of interests, taking into account the financial market environment.

In the period subject to analysis, a significant change to the market risks module was introduced, concerning the risk factors to be used to measure the risk of investments in infrastructural funds; this change determined a small reduction in the SCR.
Given the composition of the financial portfolio, we provide below the SCR figures calculated with the Internal Model for the year ended 31 December 2021 and a comparison with the capital requirement relating to 31 December 2020.

Market SCR partial internal model

Amounts in €k

Risk sub-module	Market SCR 2021	Market SCR 2020	Change on 2020
Interest Rate	557,690	385,096	172,595
Equity	1,467,864	1,170,536	297,328
Property	575,956	633,409	(57,454)
Spread	2,076,596	2,454,577	(377,980)
Exchange	37,472	39,630	(2,158)
Concentration		7,650	(7,650)
SCR Market Remaining part	**2,860,867**	**2,880,688**	**(19,822)**
SCR Ring Fenced Fund	**55,565**	**35,504**	**20,060**
Market SCR	**2,916,432**	**2,916,193**	**239**

With respect to the solvency requirement at 31 December 2020, there was a -€19,822k decrease in the Market SCR Remaining Part, primarily due to the reduction in the Spread module, partially offset by the increase in the Equity module, due to the changes in the portfolio and market performance.

More specifically, Market Risk mainly depends on Spread Risk and Equity Risk, which are the sub-modules with the greater incidence on total Market Risk. The spread risk is obtained on the basis of a marginal distribution of the spreads of financial and corporate securities. This distribution is not significant for the purposes of the calculation of the Market VaR given that the Market Internal Model generates joint distributions of risk-free rates and spreads as regards financial and corporate securities.

Concentration of risks

According to the provisions of Chapter III of IVASS Regulation No. 30, 26 October 2016, risk concentrations are assessed at Group level.

The risk concentration policy of the Group defines a "Limit of concentration on investments and loans" which, as well as loans and receivables, also includes any exposure in equity or debt securities. The concentrations are recognised mainly at the level of counterparty or group of related counterparties, sector, geographic area and currency.

Risk mitigation techniques

To mitigate Market Risk, the Group has set up a series of controls to ensure that the risk mitigation techniques maintain their effectiveness. Specifically, monthly tests are carried out to assess the effectiveness of the derivative hedges taken out. In order to mitigate current or future risk not in line with the risk objectives specified, financial transactions to mitigate the risks may be carried out. These mitigation transactions are carried out on the derivative markets. The objectives of the use of derivatives are:

- to reduce the risk of the investment;
- to achieve an effective portfolio management by improving the level of quality, safety, liquidity or profitability of the portfolio without significant reduction for any of these characteristics.

These transactions do not have speculative purposes; short selling is not allowed.

Moreover, the Investment Policy specifies Market Risk limits and Sensitivity limits.

With regard to Market Risk limits, a warning threshold is specified for the Companies, keeping into account the resolutions taken by the respective Administrative Bodies on Risk Appetite and in particular the economic capital component allocated by the Parent Company and by the individual companies to Market Risk.

This warning threshold is set equal to 95% of the Risk Appetite specified for Market Risk (total Value at Risk per individual Company, with 99.5% confidence interval and a holding period equal to 1 year).

With regard to Sensitivity limits, the following limits related to the sensitivity of the financial asset portfolios for different risk factors are specified:

a) for widening of the credit spreads of +100 bps;
b) for change in equity prices of -45%.

C.3 Credit risk

Credit risk (Counterparty Default Risk) identifies the risk that a borrower or an enforced guarantor may fail to meet, fully or in part, his monetary obligations towards the Group. Credit risk reflects, therefore, the likely loss generated by an unexpected default of the counterparties and the debtors of the insurance and re-insurance companies in the Group in the next 12 months.

The Group was authorised to use the Internal Model to calculate Credit Risk. The methodological system adopted to assess default risk is represented by CreditRisk+. The model produces a closed analytical formula, which describes the entire loss distribution. This allows to identify the VaR measure at a confidence level and time horizon consistent with the calibration standards agreed for the Internal Model.

The types of exposures relevant to the quantification of Counterparty Default Risk with the internal model are the following:

- Exposures to Banks: this category includes short-term liquidity deposits and the exposures against OTC derivative hedges;
- Exposures to Re-insurers: this category includes receivables resulting from current account balances and the potential receivables represented by the provisions due by the Re-insurers (net of the deposits received);
- Exposures to Insurance Companies: this category includes receivables from insurance companies for co-insurance relations and other receivables from insurance companies;
- Exposures to Intermediaries: this category includes receivables from agencies and brokers and mainly consist of the decadi (payment of premiums collected) to be transferred to the company;
- Exposures to Policyholders: this category includes receivables for premiums not yet collected against contracts underwritten for settlement of premiums to be settled and for late premiums, as well as disputed receivables;
- Exposures to other counterparties duly identified, or exposures for which there is sufficient information to estimate the risk.

The following types of exposure are instead assessed using the Standard Formula:

- Loans: this category includes loans to employees, agencies and loans on Life policies;
- Deductibles: this category includes amounts to be recovered and deductibles from policyholders;
- Other Receivables: this category includes all receivables not already included in the previous categories.

Credit SCR - Exposure

Amounts in €k

Exposure type	Exposure 2021	Total PTF %
Internal Model (IM)	6,381,269	92.7%
Standard Formula (STDF)	504,666	7.3%
Total	**6,885,935**	**100.0%**

In the period subject to analysis, a significant change to the credit risk module was introduced, concerning the measurement of the risk of intercompany exposures; this change did not impact the SCR.
We provide below the value of the Solvency Capital Requirement for Credit Risk for the year ended 31 December 2021 and the comparison with the value for the year ended 31 December 2020, with a breakdown for the types of exposure covered by the Internal Model and those covered by the Standard Formula.

Credit SCR Partial Internal Model

Amounts in €k

Exposure type	SCR 2021	SCR 2020	Change on 2020
Internal Model (IM)	251,462	271,247	(19,784)
Standard Formula (STDF)	76,493	72,264	4,229
Credit SCR	**327,956**	**343,511**	**(15,555)**

The Internal Model assesses the exposures using risk parameters derived from market information, for listed counterparties, or calibrated on historical data of the Company (exposures to Intermediaries and Policyholders). The exposures valued with the Standard Formula are instead calculated using the weights provided by the Delegated Regulation (EU) 2015/35. The total requirement is calculated by adding the two SCR components calculated separately, making a prudential assumption of full correlation of the risks assessed through the two different procedures.

The lower capital requirement reported at 31 December 2021 is mainly caused by the reduction in exposures to the insured.

Concentration of risks

According to the provisions of Chapter III of IVASS Regulation No. 30, 26 October 2016, risk concentrations are assessed at Group level.

With regard to the management of Credit Risk, the Group has been applying limits based on both operational exposures (deposits and receivables from Insurance and Re-insurance companies) and financial exposures in securities or derivatives to counterparties or groups of counterparties (as well as traditional limits by individual name and risk category). These limits are monitored on an ongoing basis through a process that involves both operating committees and the administrative body.

Moreover the Group Credit Policy, which specifies the Credit Risk assumption practices, sets limits to the assumption of risk towards counterparties with an inadequate credit rating: this credit rating is assessed and constantly monitored, using both external indicators (e.g. market rating or parameters) and indicators specified internally (parameters used also for Partial Internal Model purposes).
With regard to risk concentrations, the individual Companies must comply with the management principles specified in the Risk Concentration Policy. In addition, with specific reference to exposures for outwards reinsurance relations with counterparties, the "Group Reinsurance and Other Risk Mitigation Techniques Policy" - containing guidelines for managing reinsurance and additional risk mitigation techniques - defines concentration limits on said exposures for the Companies and for the Group.

The Risk Concentration Policy sets the "Concentration limit on investments and receivables", which includes, for each counterparty or group of related parties, in addition to loans and receivables, any exposure to equity or debt securities. The concentrations are recognised mainly at the level of counterparty or group of related counterparties, sector, geographic area and currency. At 31 December 2021, the Group was mainly exposed to counterparties operating in the financial sector and that exposure consisted primarily of liquidity deposited with banks and exposure to reinsurers.

Risk mitigation techniques

The risk mitigation techniques adopted to mitigate the exposures to Credit Risk are the following:

- *exposures towards re-insurers:* deposits with the Group Companies for the risks ceded and retroceded that are generally moved (placed and repaid) annually or half-yearly. Their duration largely depends on the specific nature of the underlying insurance benefits and on the actual duration of the reinsurance agreements, which are renegotiated at the end of each year. For exposures to reinsurers the Group also makes use of a limited number of guarantees consisting mainly of Letters of credit and Securities. The reinsurance agreements are also subject to downgrade clauses, which specify the obligation to provide additional guarantees if the counterparty fails to meet the minimum credit rating requirements set in the "Group Reinsurance and Other Risk Mitigation Techniques Policy";

- *exposures in derivatives*: derivative contracts are taken out with counterparties subject to ISDA contracts with corresponding Credit Support Annex, which specify the full collateralisation of the Mark to Market exposures;
- *exposures towards intermediaries*: portfolio indemnities are the main form of mitigation for exposures towards agencies. These are in fact amounts due to the terminated agent in the case of termination of the relation with the Group Companies (for the broker category, indemnities are specified exclusively at the level of CONSAP fund). The right of the Companies to offset the indemnity due to the terminated agencies against any debit balance is recognised in Art. 34 of A.N.A. Moreover, Par. 4 deals with the case of withdrawal for just cause. The indemnity is therefore used as form of mitigation of the risk to reduce exposure.

C.4 Liquidity risk

Liquidity risk is the risk of not having the cash needed to meet the commitments taken, on and off-balance sheet, without incurring financial losses deriving from forced sale of assets in the case of adverse developments.

In order to assess the liquidity profile of the Group and its ability to meet commitments without incurring significant losses, also under stressed conditions, specific analyses are carried out; these analyses include the calculation of the liquidity gap between the cash outflows and the cash inflows on maturities up to 12 months, of the cumulated liquidity gap and the liquidity buffer, which includes any contingency instrument, both in normal conditions and in scenarios of stress of the technical variables.

Expected profits in future premiums
The total amount of the expected profits in future premiums calculated pursuant to Art. 260, paragraph 2 of the Delegated Regulation (EU) 2015/35 was equal to €626,604k for the Life business and €184,435k for the Non-Life business.

C.5 Operational Risk

Operational Risk is the risk of losses deriving from the inadequacy or malfunctioning of processes, human resources and internal systems, or from external events such as fraud or service providers' activity. Operational Risk includes, from the point of view of the identification and the quantitative evaluation, legal risk, compliance risk (non-compliance with laws and regulations) and IT risk, while it does not include strategic and reputational risk.

The operational risk management system is also applied by the Parent Company using risk-based assessments to the unregulated Subsidiaries included within the scope of additional supervision.

As an integral part of the Internal Control and Risk Management System, the risk management system for Operational Risk contributes to the achievement of the following high-level targets:
- to preserve the assets of the Group and the individual companies in it, ensuring that the exposure to operational risk is consistent with the Risk Appetite specified;
- to improve the overall efficiency of the processes of the Group ensuring that Operational Risk is identified, measured, controlled and managed according to methodologies specified and consistent within the Group.

The Group calculates the capital requirement for Operational Risk by using the Standard Formula specified in Delegated Regulation (EU) 2015/35.

In the period subject to analysis, no substantial changes were made to the measures used to assess risks.

We provide below the capital requirement for Operational Risk calculated by using the Standard Formula for 2021 and the comparison with the SCR relating to 31 December 2020.

Operational SCR standard formula

Amounts in €k

Risk module	Operational SCR 2021	Operational SCR 2020	Change on 2020
Operatinal SCR Remaining part	525,421	539,508	(14,087)
SCR Ring Fenced Fund	88	84	4
Operational SCR	**525,509**	**539,592**	**(14,083)**

With respect to the solvency requirement at 31 December 2020, there was decrease of -€14,087k in the Operational SCR Remaining part, primarily due to the decline in the value of best estimates.

The identification of Operational Risk is based on the collection of information on potential or historical events from all significant sources of information, consistently classified, to represent and feed on an ongoing basis a global Operational Risk database.

The activity of identification consists in the collection of the largest information set possible on the risk event and its possible cause and effects, to increase the knowledge of the specific exposure of the different corporate areas. This activity has also the objective to assess the suitability of the controls and identify the best management solutions to any issue identified.

The collection of business expert opinions, through the RSA (Risk Self Assessment), takes place through interviews of process managers carried out to identify and assess the potential Operational Risk events that may occur within a process, as well as to obtain an assessment of the suitability of the system of controls and identify the best management solutions to any issue identified.

The information gathered through the RSA includes an estimate of the possible financial impact of the risk event and an estimate of the relative expected frequency of occurrence on an annual basis. This estimate also takes into account any historical Operational Risk event that actually occurred, with the corresponding loss incurred.

The information gathered on the Operational Risk events is classified using the cause - event - effect framework, to provide a truthful description of the chain of events that have produced the financial impact from the risk event.

The stages in which the activities of identification of the Operational Risk may be divided may be summarised as follows:

- analysis of the processes, verification of applicable laws and regulations and collection of the information deriving from previous analyses or analysis carried out by the control functions;
- identification of the possible Operational Risk events, possible causes and controls in place;
- verification of the completeness of the analysis with respect to the Event Type model[18];
- validation of the data gathered and control of the quality of the analysis carried out.

Within Operational Risk, a significant risk is continuity risk, or defined as the risk of a suspension of corporate processes, as a result of disaster.

For this purpose, the Group has acquired an Operating Continuity Policy, which sets guidelines on operating continuity, to reduce to a minimum the impact of disaster events on the significant services, whether resulting from events at sector, corporate, local or global level (Business Continuity Management System).

Within Operational risk, IT risk is also relevant (also referred to as Cyber Risk), or the risk that the various functions, activities, products and services, including third-party interconnections and dependencies, may incur in relation to the undue acquisition and transfer of data, their modification or unlawful destruction, or damages, destruction or obstacles imposed on the proper functioning of the networks and IT systems or their constituent elements.

[18] The Event Type model consists of a classification of risk events based on the banking perimeter model specified by Basel II.

To manage IT risk, the Group has an Information security policy which defines the guidelines on information security, particularly with regard to the protection of information processed through IT systems. This Policy, drafted in compliance with regulations in force, sector supervisory guidelines and with reference to international standards, is disclosed and made available by the Parent Company and the Companies in scope to all personnel concerned through adequate communication channels.

The Group also employs an IT risk analysis methodology, with the objectives of i) raising awareness of the level of risk undertaken by the company in the IT domain, ii) establishing a reference organisational and methodological framework for governing IT risks and iii) supporting the management with decisions related to risk governance as part of the risk appetite expressed by the Boards of Directors of the Group companies.

C.6 Other material risks

With regard to the other risk categories, the Group identifies as material the following categories of risk:

- Emerging risks, strategic risk and reputational risk: with regard to emerging risks, strategic risk and reputational risk, within the dedicated structure present within the Chief Risk Officer function, a dedicated Observatory was created at Group level, called "Reputational & Emerging Risk Observatory", whose key elements are the involvement of an interfunctional Technical Panel and of all the main Business Departments, the use of a consolidated predictive model and methodologies based on futures studies to ensure a forward-looking view of the medium/long-term in order to anticipate the risks and future opportunities, and a holistic approach aimed at grasping and governing the interconnections, both in reading the external context for an integrated vision of the different emerging macro trends (social, technological, political and environmental) and in the internal response for a unified view of the different corporate areas and of the different steps of the value chain.
  The purpose of the Observatory is to assure effective monitoring of emerging risks, strategic risk and reputational risk, verifying the constant alignment between stakeholders' expectations and the Group's responses and anticipating the most significant phenomena to catch new business opportunities and prepare to handle potential emerging risks.
  Strategic risk is controlled at Group level through the monitoring of Strategic Plan drivers to verify any deviation from the defined scenarios, also using long-term scenario analysis with the aim of strengthening the resilience of Group strategy in an external context characterised by accelerating change, with growing levels of complexity and uncertainty.
  With specific reference to the reputational risk, within the frame of the Observatory, a Reputation Management framework was developed at the Group level, which operates in the dual mode of construction and protection of the reputational capital, through two work sites that rely on dedicated corporate competencies and structures in a path of constant mutual alignment, under the joint leadership of the "Corporate Communication and Media Relations Department" and the "Chief Risk Officer", with the goal of stably integrating these assets in the strategic planning processes.
  The level of awareness reached within the Group on the growing importance of reputation as leverage for business and distinctive market positioning in 2019 led to the definition of an integrated governance model for Reputation, operational from 2020, which envisages the set-up of corporate bodies dedicated to the proactive management of the Group's reputation in terms of both building and protection, such as the Operational Reputation Management Team and the Reputation Network, and the launch of a widespread system for reporting reputational warnings involving all the Group managers.
- Environmental, Social and Governance (ESG) Risks: ESG risks are those risks deriving from ESG factors, linked to environmental, social and governance issues which are material for the Group and its stakeholders. As part of the ERM Framework, the Group identifies and monitors the ESG risk factors at the level of impact on underwriting risks, in association with investment-related risks, with a view to focusing on risks emerging on environmental, social and governance aspects and in terms of potential impact at reputational risk level. ESG risk monitoring is outlined in the individual risk categories, in such a way as to ensure management at all stages of the value creation process and mitigating any reputational risks associated with ESG risks as they arise. These controls, also designed to prevent exposure concentration to areas and/or sectors significantly exposed to ESG risks, are defined in the management Policies for each risk category, where material.
  Starting from 2020, ESG risks were integrated within the Group Risk Appetite Statement.

Particularly with regard to climate risks, the Group has mapped the risks and opportunities in accordance with the taxonomy defined by the Task Force on Climate-related Financial Disclosure. This map covers the various stages of the value chain and includes both physical and transitional risks. Stress scenarios linked to the impact of climate change were also integrated within the Group framework. The impact analysis of climate change on physical risks in the ORSA Report is divided into three levels: (1) near-term analysis and (2) mid-term and long-term analysis for the most significant acute physical risks (flood and convective storms), (3) long-term analysis for chronic risks (sea level rise) and acute risks today considered secondary perils (wildfires, drought). While in relation to the assessment of climate change impact on transition risks, the Group quantifies the losses in value of financial investments, in reference to the different asset classes (bonds, shares, funds, etc.), originating from the shocks, segmented by business sector (NACE) and calibrated on the basis of scenarios outlined by the Network for Greening the Financial System (NGFS).

- Risk of inclusion in a Group: the risk related to the inclusion in a Group, or "contagion" risk, understood as the risk that, because of the relations of the company with the other companies of the Group, difficulties for one of these companies may have negative effects on the solvency of the company itself; it also includes the risk of conflict of interest. This risk is controlled at the Group level through the policies and procedures that regulate the execution of the transactions with "related" parties, pursuant to the current regulations issued by the supervisory authorities of the sector.
- Compliance Risk: the risk of judicial or administrative sanctions, losses or reputational damages resulting from a failure to observe external laws and regulations or internal regulations such as By-Laws, codes of conduct or corporate governance codes; also risk of unfavourable developments in the legislative framework or case law decisions. The Compliance Function assesses the suitability of the organisation and the internal procedures for the prevention of this risk and sets its level.

C.7 Any other information

C.7.1 Sensitivity analysis

To monitor the sensitivity to risk factors and important events, the Group carried out some sensitivity analyses. Sensitivity analyses on the main economic-financial factors of interest are carried out at least once a year and allow the Group to assess the impact on its Solvency Ratio and Solvency Capital Requirement of changes in the main risk factors to which it is exposed.
We list below the sensitivity analyses carried out, with their description and the results of the analyses in question. The analyses take, as Base Scenario, the capital adequacy and the solvency capital requirement calculated according to the regulatory model adopted by the Group.

Sensitivities

Description	Impact with respect to central scenario	Impact on Solvency II Ratio
Shift upward of the interest yield curve	interest rate: +50 bps	3 p.p.
Shift downward of the interest yield curve	interest rate: -10 bps	-2 p.p.
Shock on credit spread – corporate bonds	industrial and financial credit spreads: +100 bps	-3 p.p.
Shock on equity market	equity market value: -20%	-3 p.p.
Shock on property market	real estate market value: -15%	-8 p.p.
Sensitivity on Italian Government spread	Italian Government spread: +100 bps	-13 p.p.

Interest rates curve sensitivity analysis
To analyse the impact of a (upward/downward) shock to the yield curve, two sensitivity analyses were carried out on the dynamics of the interest rates curve, more precisely, two single financial factor analyses assessing the impact of an upward and downward parallel shift of the entire yield curve (Euro, Serbia, and rest of the world), a shift respectively equal to +50 bps and -10 bps.

The +50 bps increase in interest rates resulted in an increase of 3 p.p. in the Solvency II ratio.

The -10 bps decrease in interest rates resulted in a reduction of -2 p.p. in the Solvency II ratio.

Sensitivity on credit spread
To analyse the impact of a shock to the spread, a sensitivity analysis is carried out, by assessing the increase in all industrial and financial credit spreads, for all rating classes, all issuers in the portfolio and all rankings (senior and sub), equal to +100 bps.
For the purposes of the calculation of the sensitivity in question, we estimated the value of the Volatility Adjustment following the shock to the spreads, which had a value of 29 bps.

The +100 bps increase in industrial and financial credit spreads resulted in a decrease of -3 p.p. in the Solvency II ratio.

Equity market sensitivity analysis
To analyse the impact of a shock to equity market prices, a single financial factor sensitivity analysis was carried out, assessing the impact of a downward shock to share prices equal to -20%.

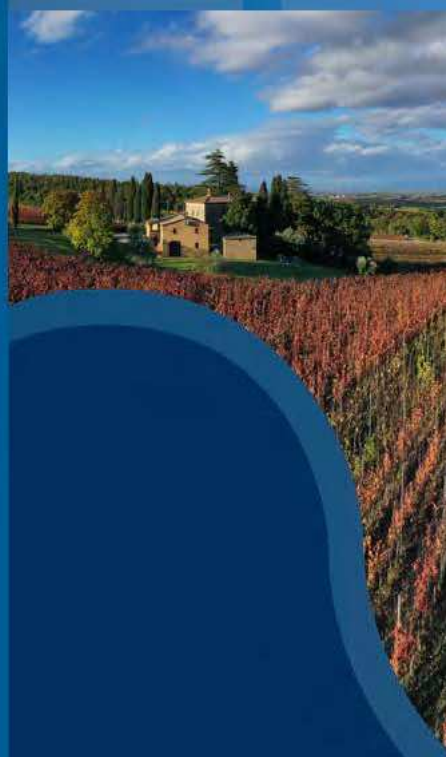
The decline of -20% in the value of the equity market resulted in a decrease of -3 p.p. in the Solvency II ratio.

Real estate market sensitivity analysis
To analyse the impact of a shock to real estate market valuations, a single financial factor sensitivity analysis was carried out, assessing the impact of a downward shock to the value of real estate and real estate funds equal to -15%.

The decline of -15% in the value of the real estate market resulted in a reduction of -8 p.p. in the Solvency II ratio.

Sensitivity on Italian Government spread
To analyse the impact of a shock to the Italian Government spread, a sensitivity analysis is carried out, by assessing the increase in the Italian Government credit spread equal to +100 bps.
For the purposes of the calculation of the sensitivity in question, we estimated the value of the Volatility Adjustment following the shock to the Italy spread, which had a value of 8 bps.

The +100 bps increase in the Italian Government spread resulted in a reduction of -13 p.p. in the Solvency II ratio.



D

VALUATION FOR SOLVENCY PURPOSES

Statement of financial position (MCBS) - current values

Assets

Amounts in €k	Solvency II value	Consolidated FS value – Solvency II Scope	Consolidated FS value – IFRS Scope
Goodwill		1,625,031	1,630,844
Deferred acquisition costs		100,113	100,113
Intangible assets		430,262	449,978
Deferred tax assets	35,038	14,725	40,548
Pension benefit surplus			
Property, plant & equipment held for own use	2,468,506	2,300,985	2,462,148
Investments (other than assets held for index-linked and unit-linked contracts)	60,784,159	59,859,415	59,065,294
Property (other than for own use)	2,462,570	2,172,267	2,257,870
Holdings in related undertakings, including participations	2,336,523	2,234,280	1,304,397
Equities	1,615,628	1,615,630	1,644,971
Bonds	50,072,810	49,540,611	49,561,430
Collective Investments Undertakings	4,002,000	4,002,000	4,002,000
Derivatives	133,832	133,832	133,832
Deposits other than cash equivalents	160,796	160,796	160,796
Other investments			
Assets held for index-linked and unit-linked contracts	8,345,161	8,344,505	8,344,505
Loans and mortgages	488,974	488,974	842,714
Loans on policies	12,137	12,137	12,137
Loans and mortgages to individuals	466,914	466,914	462,923
Other loans and mortgages	9,924	9,924	367,655
Reinsurance recoverables from:	648,277	831,327	831,327
Non-life and health similar to non-life	656,804	808,142	808,142
Non-life excluding health	*609,384*	*808,142*	*808,142*
Health similar to non-life	*47,420*		
Life and health similar to life, excluding health, index-linked and unit-linked	(8,527)	23,186	23,186
Health similar to life			
Life, excluding health, index-linked and unit-linked	*(8,527)*	*23,186*	*23,186*
Life index-linked and unit-linked			
Deposits to cedants	105,799	105,799	105,799
Insurance and intermediaries receivables	1,521,895	1,521,895	1,517,545
Reinsurance receivables	104,788	103,888	103,888
Receivables (trade, not insurance)	205,710	205,710	224,809
Own shares (held directly)	1,335	1,147	1,147
Amounts due in respect of own fund items or initial fund called up but not yet paid in			
Cash and cash equivalents	1,893,492	1,893,492	1,939,249
Any other assets, not elsewhere shown	2,753,604	2,753,604	2,779,009
Total assets	**79,356,736**	**80,580,870**	**80,438,918**

Liabilities

Amounts in €k	Solvency II value	Consolidated FS value – Solvency II Scope	Consolidated FS value – IFRS Scope
Technical provisions – non-life	12,749,831	14,739,937	14,739,937
Technical provisions – non-life (excluding health)	11,579,357	14,739,937	14,739,937
Technical provisions calculated as a whole			
Best Estimate	*11,073,909*		
Risk margin	*505,448*		
Technical provisions - health (similar to non-life)	1,170,474		
Technical provisions calculated as a whole			
Best Estimate	*1,103,866*		
Risk margin	*66,608*		
Technical provisions - life (excluding index-linked and unit-linked insurance contracts)	40,360,394	39,971,194	39,971,194
Technical provisions - health (similar to life)			
Technical provisions – life (excluding health and index-linked and unit-linked insurance contracts)	40,360,394	39,971,194	39,971,194
Technical provisions calculated as a whole			
Best Estimate	*39,984,697*		
Risk margin	*375,696*		
Technical provisions – index-linked and unit-linked	8,252,426	8,356,764	8,356,764
Technical provisions calculated as a whole			
Best Estimate	*8,196,638*		
Risk margin	*55,788*		
Other technical provisions			
Contingent liabilities			
Provisions other than technical provisions	432,336	432,336	446,925
Pension benefit obligations	88,275	88,275	91,236
Deposits from reinsurers	130,520	130,520	130,520
Deferred tax liabilities	746,856	312,077	312,097
Derivatives	432,805	432,805	432,805
Debts owed to credit institutions	171,631	171,631	171,631
Financial liabilities other than debts owed to credit institutions	2,900,562	2,872,676	2,665,666
Insurance and intermediaries payables	184,223	184,223	184,223
Reinsurance payables	85,136	85,136	85,136
Payables (trade, not insurance)	290,916	290,916	318,656
Subordinated liabilities	2,004,815	1,446,109	1,446,109
Subordinated liabilities not included in Basic Own Funds			
Subordinated liabilities included in Basic Own Funds	2,004,815	1,446,109	1,446,109
Any other liabilities, not elsewhere shown	1,343,772	1,343,772	1,363,326
Total liabilities	**70,174,498**	**70,858,371**	**70,716,222**
Excess of assets over liabilities	**9,182,238**	**9,722,499**	**9,722,696**

The solvency capital requirement envisaged in the Directive represents the economic capital that insurance and reinsurance companies must hold so as to guarantee that the "default" event does not occur more than once in every 200 cases or, alternatively, that the companies in question will still be able to honour their obligations, with a probability

of at least 99.5%, to contracting parties and beneficiaries in the next twelve months. The capital is assessed on the basis of a balance sheet prepared according to the "Market Consistent" criteria specifically identified in the Regulation. These criteria generally follow the fair value measurement as defined in international accounting standards (IFRS 13), to be determined on the basis of the following hierarchy:

I. prices listed on active markets for the same assets and liabilities;
II. prices listed on active markets for similar assets and liabilities, suitably adjusted to take into account differences compared to the listed assets and liabilities;
III. values taken from internal "Mark to Model" valuation models. The data used in such models must as far as possible be taken from information implicit in the market assessments referred to in the previous points.

A consolidated balance sheet is therefore prepared using Solvency II criteria, referred to as the Market Consistent Balance Sheet (MCBS), by following the steps below:

- aggregation of the MCBSs of the entities consolidated line-by-line in accordance with the Solvency II scope of consolidation;
- determination of consolidation adjustments;
- preparation of the Group MCBS.

On the previous pages, the values of the Market Consistent Balance Sheet prepared with reference to 31 December 2021 are reported in the "Solvency II Value" column, accompanied by a comparison with:

- the values determined for the Consolidated Financial Statements, reclassified on the basis of the MCBS items ("Consolidated Financial Statements Value - IFRS Scope" column);
- the values determined for the Consolidated Financial Statements, reclassified on the basis of the MCBS items and adjusted to represent a line-by-line consolidation scope uniform with that used to prepare the MCBS ("Consolidated Financial Statements Value - Solvency II Scope" column).

Please recall that, for presentation purposes, non-current assets and liabilities held for sale and discontinued operations were presented in summary form, for the Consolidated Financial Statements, in the items "Non-current assets or assets of a disposal group held for sale" and "Liabilities associated with disposal groups held for sale" in application of IFRS 5. These assets are instead represented, by nature, in the individual items of MCBS reported in the previous pages, irrespective of their allocation for disposal.
The following paragraphs illustrate the main differences in assessments for MCBS purposes and Solvency II scope Consolidated Financial Statement purposes.

Please refer to Chapter A for a description of the Solvency II scope of consolidation and the main differences with the scope of consolidation for the purposes of the Consolidated Financial Statements.

Below, the differences, classified in accordance with the MCBS layout, are described between the values reported in the Consolidated Financial Statements and the values obtained by consolidating, with other international accounting standard criteria remaining the same, the Group companies on the basis of what is set forth in the Regulation for the preparation of the MCBS. This statement makes it possible to identify the effects deriving from the different methods of consolidation of the investee entities of the parent company Unipol adopted to prepare the Consolidated Financial Statements with respect to those used for the preparation of the MCBS. As mentioned previously, such differences derive from the lack of line-by-line consolidation of the subsidiaries belonging to the financial sector and the subsidiary entities that are not ancillary services undertakings within the scope of the Unipol Insurance Group.

The "Consolidated Financial Statements Value - IFRS Scope" column reclassifies the balances based on the scope of consolidation set forth for the Consolidated Financial Statements, reclassified according to the layout required for the MCBS.
The "Consolidated Financial Statements Value - SII Scope" column reclassifies the balances of the Consolidated Financial Statements based on the Solvency II scope of consolidation.

The central column shows the adjustments due to the different consolidation methods.

Assets

Amounts in €k	Consolidated FS value – IFRS Scope	Adjustments for different consolidation methods	Consolidated FS value – Solvency II Scope
Goodwill	1,630,844	(5,814)	1,625,031
Deferred acquisition costs	100,113		100,113
Intangible assets	449,978	(19,716)	430,262
Deferred tax assets	40,548	(25,823)	14,725
Pension benefit surplus			
Property, plant & equipment held for own use	2,462,148	(161,163)	2,300,985
Investments (other than assets held for index-linked and unit-linked contracts)	59,065,294	794,120	59,859,415
Property (other than for own use)	2,257,870	(85,603)	2,172,267
Holdings in related undertakings, including participations	1,304,397	929,883	2,234,280
Equities	1,644,971	(29,341)	1,615,630
Bonds	49,561,430	(20,818)	49,540,611
Collective Investments Undertakings	4,002,000		4,002,000
Derivatives	133,832		133,832
Deposits other than cash equivalents	160,796		160,796
Other investments			
Assets held for index-linked and unit-linked contracts	8,344,505		8,344,505
Loans and mortgages	842,714	(353,740)	488,974
Loans on policies	12,137		12,137
Loans and mortgages to individuals	462,923	3,991	466,914
Other loans and mortgages	367,655	(357,731)	9,924
Reinsurance recoverables from:	831,327		831,327
Non-life and health similar to non-life	808,142		808,142
Life and health similar to life, excluding health, index-linked and unit-linked	23,186		23,186
Life index-linked and unit-linked			
Deposits to cedants	105,799		105,799
Insurance and intermediaries receivables	1,517,545	4,350	1,521,895
Reinsurance receivables	103,888		103,888
Receivables (trade, not insurance)	224,809	(19,099)	205,710
Own shares (held directly)	1,147		1,147
Amounts due in respect of own fund items or initial fund called up but not yet paid in			
Cash and cash equivalents	1,939,249	(45,757)	1,893,492
Any other assets, not elsewhere shown	2,779,009	(25,406)	2,753,604
Total assets	**80,438,918**	**141,952**	**80,580,870**

Liabilities

Amounts in €k	Consolidated FS value – IFRS Scope	Adjustments for different consolidation methods	Consolidated FS value – Solvency II Scope
Technical provisions – non-life	14,739,937		14,739,937
Technical provisions - life (excluding index-linked and unit-linked insurance contracts)	39,971,194		39,971,194
Technical provisions - health (similar to life)			
Technical provisions – life (excluding health and index-linked and unit-linked insurance contracts)	39,971,194		39,971,194
Technical provisions – index-linked and unit-linked	8,356,764		8,356,764
Other technical provisions			
Contingent liabilities			
Provisions other than technical provisions	446,925	(14,589)	432,336
Pension benefit obligations	91,236	(2,961)	88,275
Deposits from reinsurers	130,520		130,520
Deferred tax liabilities	312,097	(19)	312,077
Derivatives	432,805		432,805
Debts owed to credit institutions	171,631		171,631
Financial liabilities other than debts owed to credit institutions	2,665,666	207,010	2,872,676
Insurance and intermediaries payables	184,223		184,223
Reinsurance payables	85,136		85,136
Payables (trade, not insurance)	318,656	(27,739)	290,916
Subordinated liabilities	1,446,109		1,446,109
Subordinated liabilities not included in Basic Own Funds			
Subordinated liabilities included in Basic Own Funds	1,446,109		1,446,109
Any other liabilities, not elsewhere shown	1,363,326	(19,554)	1,343,772
Total liabilities	**70,716,222**	**142,148**	**70,858,371**
Excess of assets over liabilities	**9,722,696**	**(196)**	**9,722,499**

The differences in the balances of the individual asset and liability items are due to the change in the consolidation method from line-by-line to the equity method for certain Group companies (the "Companies with different consolidation methods").

In particular, the different consolidation method entailed:

a) an increase in "Holdings in related undertakings, including participations", in relation to the shareholders' equity pertaining to the group of Companies with different consolidation methods;[19]

b) the decrease in other asset and liability items, due to the individual assets and liabilities included in the balance sheets of the Companies with different consolidation methods;

c) the cancellation of the intra-group receivable/payable elimination entries relating to transactions between entities consolidated line-by-line within the scope of Solvency II and the Companies with different consolidation methods.

[19] Based on the criteria laid out in IAS 28, consolidation with the equity method constitutes a "synthetic method" that represents the effects on shareholders' equity of the investor only in the equity investments item, rather than in all asset and liability items as instead is required in the case of line-by-line consolidation in application of IFRS 10. In general, line-by-line consolidation or consolidation with the equity method should not result in changes with reference to the consolidated shareholders' equity pertaining to the group of the investor company.

With reference to the difference between assets and liabilities (inclusive of the value of own shares[20]), the effect of the different method of consolidation is equal to €196k, which corresponds to the share of equity pertaining to non-controlling interests of the Companies with different consolidation methods, consisting predominantly of the share pertaining to non-controlling interests of the shareholders' equity of UniAssiTeam Srl, equal to €194k.
The paragraphs below comment on the differences in value deriving from the different valuation of assets and liabilities in the Consolidated Financial Statements and the MCBS with a like-for-like scope of consolidation using method 1 set forth in the Solvency II regulation.

D.1 Assets

D.1.1 Valuation criteria

This section illustrates the criteria, methods and models used by the Group to identify and measure assets in the MCBS. Please note that, when not specified otherwise, no changes were made to such criteria, methods and models with respect to those used in the previous year.

Intangible assets

The valuation criteria defined in the Regulation generally envisage that intangible assets are attributed a zero value. Exceptions are intangible assets that can be sold separately from the rest of the Group's assets and for which a price is available on an active market for similar assets. The Group does not hold any assets of this type.

Financial assets and liabilities (excluding participations) and properties

Financial assets and liabilities are measured at fair value on the basis of the hierarchy defined in the Regulation.
The table below summarises the methods to calculate the fair value for the different macro categories of financial instruments, receivables and property. These methods are consistent with the criteria defined by IFRS 13.

		Mark to Market	Mark to Model and other
Financial Instruments	Bonds	"CBBT" contributor - Bloomberg Other contributor - Bloomberg	Mark to Model Counterparty valuation
	Listed shares, ETFs	Reference market	
	Unlisted shares		DCF DDM Multiples
	Listed derivatives	Reference market	
	OTC derivatives		Mark to Model
	UCITS	Net Asset Value	
Receivables			Other receivables (Carrying amount)
Property			Appraisal value

In compliance with IFRS 13, the market price (Mark to Market) is used to determine the fair value of financial instruments, in the case of instruments traded in an "active market".
"Active market" means:

- the regulated market in which the instrument subject to measurement is traded and regularly listed;
- the multilateral trading facility (MTF) in which the instrument subject to measurement is traded or regularly listed;

[20] The total consolidated shareholders' equity (inclusive of the portion attributable to the group and non-controlling interests) resulting from the IFRS consolidated financial statements of the Unipol Group is equal to €9,721,549k, corresponding to the item "Excess of assets over liabilities" net of the amount of own shares. Own shares indeed constitute an identifiable asset in the MCBS but not in the IFRS financial statements.

- listings and transactions performed on a regular basis, i.e. high-frequency transactions with a low bid/offer spread, by an authorised intermediary (hereinafter "contributor").

In the absence of available prices on a liquid active market, valuation methods are used which maximise the use of observable parameters and minimise the use of non-observable parameters. These methods can be summarised in Mark to Model valuations, valuations by counterparty or valuations at the carrying amount in connection with some non-financial asset categories.

Mark to Market valuations
With reference to listed shares, ETFs and listed derivatives, the Mark to Market valuation corresponds to the official valuation price of the reference market.
In relation to bonds, the sources used for the Mark to Market valuation of financial assets and liabilities are as follows:

a) the primary source is the CBBT price provided by data provider Bloomberg;
b) where the price referred to in the previous point is unavailable, an internal scoring model is used, which makes it possible to select liquid and active contributors on the basis of pre-defined parameters.

For UCITS the Net Asset Value is the source used.

Mark to Model valuations
The Group uses valuation methods (Mark to Model) in line with the methods generally used by the market.
The objective of the models used to calculate the fair value is to obtain a value for the financial instrument consistent with the assumptions that market participants would use to quote a price, assumptions that also concern the risk inherent in a particular valuation technique and/or in the inputs used. To ensure the correct Mark to Model valuation of each category of instrument, adequate and consistent valuation models must be defined beforehand as well as reference market parameters.

The list of the main models used for Mark to Model pricing of financial instruments is provided below:

Securities and interest rate derivatives:
- Discounted cash flows;
- Black;
- Black-Derman-Toy;
- Hull & White 1, 2 factors;
- Libor Market Model;
- Longstaff & Schwartz;
- Kirk.

Securities and inflation derivatives:
- Discounted cash flows;
- Jarrow-Yildirim.

Securities and share, index and exchange rate derivatives:
- Discounted cash flows;
- Black-Scholes.

Securities and credit derivatives:
- Discounted cash flows;
- Hazard rate models.

The main observable market parameters used to perform Mark to Model valuations are as follows:
- interest rate curves for reference currency;
- interest rate volatility surface for reference currency;
- CDS spread or Asset Swap spread curves of the issuer;
- inflation curves for reference currency;
- reference exchange rates;
- exchange rate volatility surface;
- share or index volatility surface;
- share reference prices;
- reference inflation curves.

The main non-observable market parameters used to perform Mark to Model valuations are as follows:

- correlation matrices between exchange rates and risk factors;
- historical volatility;
- benchmark spread curves constructed to assess bonds of issuers for which the prices of the bonds issued or CDS curves are unavailable;
- credit risk parameters such as the recovery rate;
- delinquency or default rates and prepayment curves for ABS-type financial instruments.

With reference to bonds in those cases when, even on the basis of the results of the Scoring Model, it is not possible to measure an instrument using the Mark to Market method, the fair value is obtained on the basis of Mark to Model type valuations. The different valuation models referred to above are chosen according to the specific instrument characteristics.

For OTC derivative contracts, the models used are consistent with the risk factor underlying the contract. The fair value of OTC interest rate derivatives and OTC inflation-linked derivatives is calculated on the basis of Mark to Model type valuations, acknowledging the rules set in IFRS 13.

As regards OTC derivatives for which there is a collateralisation agreement (Credit Support Annex) between the Unipol Group companies and the authorised market counterparties, the EONIA (Euro OverNight Index Average) discount curve is used.

As regards uncollateralised derivatives, CVA (Credit Valuation Adjustment) and DVA (Debit Valuation Adjustment) adjustments are made. It should be noted that at year end almost all derivative positions represent collateralised contracts for which CSA agreements are in place with the counterparties involved in the trading.

With reference to unlisted shares for which a market price or an appraisal drafted by an independent expert is not available, valuations are performed mainly on the basis of:

- equity methods;
- methods based on the discounting of future profit or cash flows, i.e. Discounted Cash Flow (DCF) or Dividend Discount Model (DDM), the so-called "excess capital" version;
- if applicable, methods based on market multiples.

As regards unlisted UCITS, Private Equity Funds and Hedge Funds, the fair value is calculated as the Net Asset Value (NAV) at the recognition date provided directly by the fund administrators. The NAV is constructed on the basis of stringent valuation policies defined by the fund and is based on valuation of the underlying assets using updated inputs and more appropriate measurement approaches. Based on these considerations and taking into account sector market practices, this value was used to express the instrument's fair value.

With reference to properties, the fair value is measured on the basis of the appraisal value provided by independent experts, in compliance with current legal provisions.

Counterparty valuations

For financial assets and liabilities which do not fall into the categories of instruments valued on a Mark to Market basis and for which there are no consistent and validated valuation models available for the purposes of measuring fair value, the valuations provided by the counterparties that could be contacted to liquidate the position are used.

Unique characteristics of the fair value measurement for structured bonds and SPV structured bonds

The measurement of structured bonds makes use of models consistent with the breakdown into elementary components (host contract and embedded derivatives) and with the risk factor underlying said contract.

For structured bonds, the valuation of elementary components follows the criteria defined above for the calculation of fair value, which makes provision for use of Mark to Market valuation if available, or Mark to Model approach or counterparty price in the case in which the Mark to Market-type price is not available.

Bonds issued by a Special Purpose Vehicle secured by collateral and whose flows paid are generated by an interest rate swap contract in place between the vehicle and the swap counterparty (usually the arranger of the transaction) are considered SPV structured bonds. The measurement of SPV structured bonds requires separate valuation of the following elements:

- collateral issue of the vehicle;
- interest rate swap agreement between the vehicle and arranger;
- any other optional components or CDS agreements included in the vehicle.

For SPV structured bonds the valuation of collateral follows the criteria defined previously for the calculation of the fair value, which make provision for the use of the Mark to Market approach if available, or the Mark to Model approach or the counterparty price in the case in which the Mark to Market type price is not available.
The valuation of the interest rate swap agreement provides for the discounting of future cash flows on the basis of the different discount curves, based on the existence or not of a collateralisation agreement (Credit Support Annex) between the vehicle and swap counterparty. In particular, if the derivative contract is collateralised using available securities included in the SPV's assets, the future cash flows of the interest rate swap agreement are discounted using the EONIA discount curve; while if there is no collateralisation agreement, use is made of CVA (Credit Valuation Adjustment), DVA (Debit Valuation Adjustment) and FVA (Funding Valuation Adjustment), as appropriate.

As regards the valuation of other (non-technical) financial liabilities, the fair value is measured at each reporting date by taking into account the credit rating of the company "at inception", therefore without considering any subsequent changes in the company's credit rating.

Participations

The recognition value of participations[21] in the MCBS is determined on the basis of the following hierarchy:

- prices listed on active markets for the same assets and liabilities;
- percentage interest in the investee's equity determined on the basis of MCBS valuation criteria;
- percentage interest in the investee's equity determined on the basis of international accounting standards, taking into account the Solvency II measurement criteria for intangible assets;
- internal valuation models.

In particular, pursuant to the Regulation:

- participations in subsidiaries are measured on the basis of the investor's percentage interest in the equity, determined according to the MCBS preparation criteria adopted by the subsidiary concerned;
- participations in companies such as credit institutions, investment firms and financial institutions, UCITS management companies are measured based on the proportional share of own funds of the company calculated pursuant to the pertinent sector regulations;
- participations in associates are measured on the basis of the investor's percentage interest in the equity, determined according to IFRS (less any intangible assets of the investee).

Based on the criteria for preparing the Consolidated Financial Statements, the participations held are measured based on the share of equity, determined on the basis of the same criteria as those used to prepare the Consolidated Financial Statements.

Deferred tax assets and liabilities

The deferred tax calculation recognised in the MCBS was performed by applying the criteria identified in international accounting standards (IAS 12), suitably supplemented with the provisions of Articles 20-22 of IVASS Regulation No. 34 of 7 February 2017.

Please note that deferred tax assets the recovery of which does not depend on future profitability have been classified as "Any other assets, not elsewhere shown". This classification was deemed more appropriate than the classification in

[21] The participations are identified by the Regulation and the Directive as investments in associates or subsidiaries or for which the Group holds at least 20% of the voting rights or capital.

Deferred tax assets, as those assets were considered similar to tax receivables due to the specific tax regulations applicable to them.[22]

Other assets

For all other assets not included in the categories of previous paragraphs, taking into account the related characteristics, the recognition value in the MCBS is consistent with their value determined for the consolidated financial statements and consequently applying IAS/IFRS and any relative updates in such standards to be applied in the current year.

D.1.2 Quantitative information on asset valuation

Intangible assets

In line with the regulatory provisions of the Directive, for solvency purposes the Group does not assign a value to goodwill, or to other intangible assets, as a listing of similar assets on an active market is not available.

Intangible assets

Amounts in €k	Solvency II value	Consolidated FS value – Solvency II Scope	Difference
Goodwill		1,625,031	1,625,031
Deferred acquisition costs		100,113	100,113
Intangible assets		430,262	430,262
Total		**2,155,406**	**2,155,406**

Following the necessary adjustments to the three items indicated above in the MCBS, the Group recorded a decrease in shareholders' equity in the Solvency II scope Consolidated Financial Statements for €2,155,406k, gross of related tax effects.

Land, buildings and other tangible fixed assets

Land and buildings were recognised in the MCBS at fair value, determined on the basis of expert independent appraisal reports. The value recognised in the Consolidated Financial Statements corresponds to the purchase cost systematically amortised over the life of the asset, adjusted if necessary for any impairment losses.

Tangible assets

Amounts in €k	Solvency II value	Consolidated FS value – Solvency II Scope	Difference
Property, plant & equipment held for own use	2,468,506	2,300,985	167,521
Property (other than for own use)	2,462,570	2,172,267	290,303
Total	**4,931,075**	**4,473,251**	**457,824**

[22] The regulations provide a mechanism for the conversion to tax credits of DTAs, booked to the financial statements no later than 31 December 2014, relating:

a) to value adjustments on receivables and misalignments between the carrying amount and tax value of goodwill and other intangible assets, in the case of a statutory loss; and

b) to tax losses, to the extent to which they originated from decreases connected to value adjustments on receivables and the amortisation of goodwill and other intangible assets.

The regulations are also applicable in the case of the liquidation of companies. The receivable deriving from the transformation of the above-mentioned DTAs may be used to offset with no quantitative or temporal limits, transferred at nominal value to parties belonging to the same group and a refund may be requested for the residual part after offsetting.

Note that in reference to other owned tangible assets other than property (e.g. equipment, plant, machinery, vehicles, etc.) and the rights of use on tangible assets deriving from the application of IFRS 16, the recognition value in the MCBS is consistent with the recognition value in the Consolidated Financial Statements which, given the nature and significance of such assets, was considered an adequate representation of the fair value.

Following the fair value measurement of the owned property, the Group recorded an increase in assets by €457,824k in the MCBS compared to the Consolidated Financial Statements, gross of the related tax effect.

Financial assets for which investment risk is borne by policyholders

The MCBS item "Assets held for index-linked and unit-linked contracts" includes all the financial assets for which investment risk is borne by the policyholders (unit-linked, index-linked and pension funds).

Financial assets when the investment risk is borne by policyholders

Amounts in €k	Solvency II value	Consolidated FS value – Solvency II Scope	Difference
Assets held for index-linked and unit-linked contracts	8,345,161	8,344,505	656

These assets were also measured at fair value in the Consolidated Financial Statements. The difference recognised is due to the fact that, in the Consolidated Financial Statements, the fair value measurement method is used for financial instruments classed as unit-linked, consistent with the valuation of liabilities payable to the policyholders and the NAV for unit-linked products. This fair value measurement method for financial assets differs slightly to that used for the purpose of MCBS preparation. Also considering that for preparation of the MCBS the valuation of financial assets classed as unit-linked is in any event fully consistent with the measurement criteria for the corresponding liabilities to the policyholders, the slight differences in fair value measurement methods have no appreciable impact on the total difference between assets and liabilities in the MCBS and in the Consolidated Financial Statements.

Other investments (excluding participations)

As a general principle, all investments are measured at fair value as required by the SII Directive. The value recognised in the Consolidated Financial Statements instead depends on the category in which the financial instruments are classified pursuant to IAS 39 and IFRS 9, the latter of which is applied to the Parent Company and some of the Group companies other than insurance companies:

Items IAS 39

- held-to-maturity investments (recognised at amortised cost, written down if necessary for any impairment losses);
- loans and receivables (recognised at amortised cost, written down if necessary for any impairment losses);
- available-for-sale financial assets (measured at fair value);
- financial assets at fair value through profit or loss (measured at fair value).

Items IFRS 9

- financial assets measured at amortised cost (written down if necessary for any impairment losses);
- financial assets measured at fair value through other comprehensive income;
- financial assets mandatorily measured at fair value through profit or loss.

With reference to investments formed by deposits with financial institutions and by loans and mortgages, the recognition value in the MCBS is consistent with the recognition value in the Consolidated Financial Statements which, given the nature and significance of such assets, is considered an adequate representation of the fair value.

Other financial investments

Amounts in €k	Solvency II value	Consolidated FS value – Solvency II Scope	Difference
Equities	1,615,628	1,615,630	(1)
Bonds	50,072,810	49,540,611	532,199
Collective Investments Undertakings	4,002,000	4,002,000	
Derivatives	133,832	133,832	
Deposits other than cash equivalents	160,796	160,796	
Loans and mortgages	488,974	488,974	
Total	**56,474,040**	**55,941,843**	**532,198**

The fair value measurement resulted in an increase in MCBS assets compared to the Consolidated Financial Statements by €532,198k, gross of the related tax effect.

Participations

Participations

Amounts in €k	Solvency II value	Consolidated FS value – Solvency II Scope	Difference
Holdings in related undertakings, including participations	**2,336,523**	**2,234,280**	**102,243**

The different criteria for calculating the value of Participations led to an increase in assets by €102,243k in the MCBS compared to the Consolidated Financial Statements, gross of the related tax effect. This increase is attributable primarily to the method of consolidation laid out by the Solvency II regulation of the companies in the financial sector, which requires an assessment of participations in credit institutions based on the proportional share of own funds of the investee companies calculated pursuant to pertinent sector rules (Basel III).

Deferred tax assets and liabilities

Deferred tax assets and liabilities are calculated on the temporary differences between the carrying amount of assets and liabilities in the MCBS and their value recognised for tax purposes.

Deferred tax assets and liabilities

Amounts in €k	Solvency II value	Consolidated FS value – Solvency II Scope	Difference
Deferred tax assets	35,038	14,725	20,313
Deferred tax liabilities	(746,856)	(312,077)	(434,779)
Net total	**(711,818)**	**(297,353)**	**(414,465)**

The differences compared to the Consolidated Financial Statements are associated with the deferred tax effect of temporary differences deriving from adjustments to the asset and liability valuations commented on in paragraphs D.1, D.2 and D.3.

The temporary differences resulting in the recognition of deferred tax assets and liabilities are primarily due to:

- intangible assets, mainly represented by goodwill subject to value realignment pursuant to Decree Law 104/2020, the differences of which will be cancelled out over a period of 50 years starting from 2021, and intangible assets other than goodwill, expected to be reversed on average over 3-5 years;

- to financial investments, consisting primarily of bonds. The temporary differences relating to such securities will be cancelled out progressively as maturity approaches or when the securities are disposed of. Please note that the average duration of the Unipol Group's financial investments portfolio is 6.07 years;
- to Life and Non-Life technical provisions. Please note that the duration of the Best Estimates of the Unipol Group is 7.47 years.

At the reporting date there are no tax losses eligible to be carried forward or unused tax credits of significant amounts and consequently the corresponding deferred tax assets have not been recognised.

Other assets

The differences recognised between other assets in the MCBS and their corresponding valuations in the Consolidated Financial Statements are provided below..

Other assets

Amounts in €k	Solvency II value	Consolidated FS value – Solvency II Scope	Difference
Deposits to cedants	105,799	105,799	
Insurance and intermediaries receivables	1,521,895	1,521,895	
Reinsurance receivables	104,788	103,888	900
Receivables (trade, not insurance)	205,710	205,710	
Own shares (held directly)	1,335	1,147	188
Cash and cash equivalents	1,893,492	1,893,492	
Any other assets, not elsewhere shown	2,753,604	2,753,604	
Total	**6,586,621**	**6,585,533**	**1,088**

The difference in the value of own shares is attributable to the valuation of the Parent Company's own shares at listed price, while the higher value of reinsurance receivables is due to the elimination of certain prudential provisions required by local regulations with reference to a foreign company.

In reference to the other assets in the above table, the recognition value in the MCBS is consistent with the recognition value in the Consolidated Financial Statements which, given the nature and significance of such assets, was considered an adequate representation of the fair value.

Leasing and rental agreements - assets

Please note that at 31 December 2021, the Group does not act as lessor in any finance lease agreements. Some of the Group companies instead act as lessors with reference to operating leases connected to ordinary activity of real estate asset management and the operations of certain ancillary services undertakings (e.g. UnipolRental).

D.2 Technical provisions

Please first of all note that, when not specified otherwise, no changes were made to the valuation criteria, methods and models with respect to those used in the previous year.

The valuations for solvency purposes of the Group's technical provisions were all analogous with those carried out for the same purpose by each individual company. The consolidated values were obtained from the corresponding values resulting from the MCBS drafted on an individual basis, also making the appropriate adjustments to deduct components relating to intra-group transactions.

D.2.1 Valuation criteria

In accordance with the Directive, the Solvency II technical provisions (Life and Non-Life) are calculated for each company within the scope as the sum of the Best Estimate of Liabilities (BEL) and a Risk Margin.

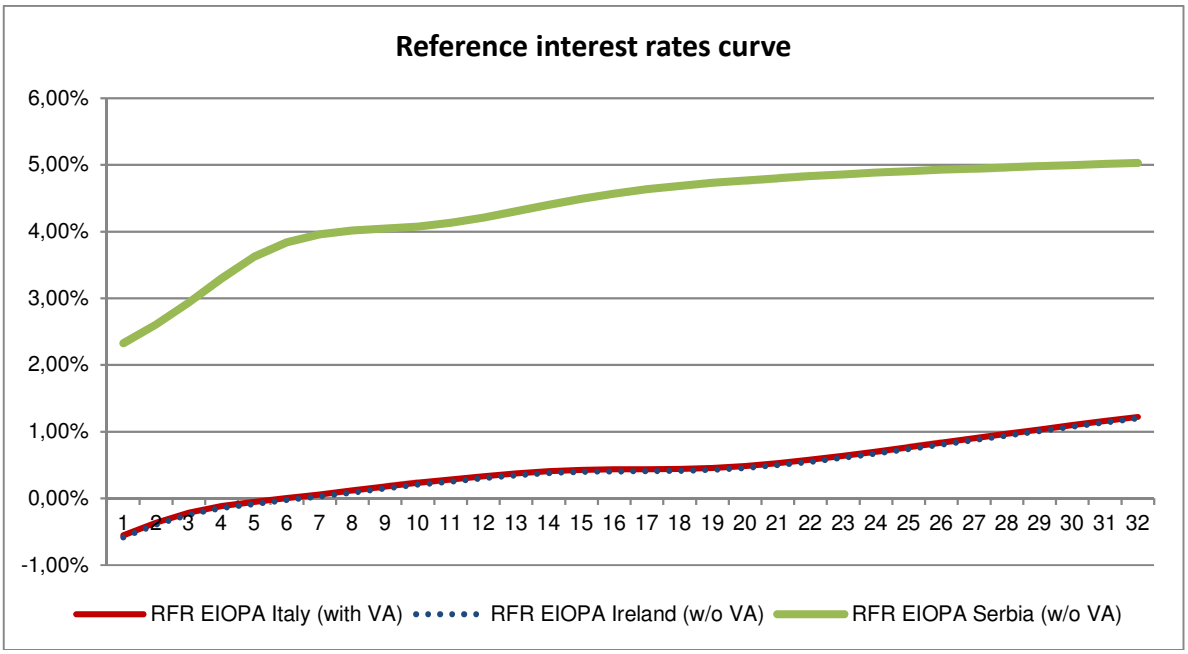
The main difference with respect to the current regulation applicable for the drafting of financial statements (see, for example, ISVAP Regulation No. 22 of 4 March 2008 and No. 7 of 13 July 2007, and subsequent amendments and additions), which establishes that the measurement must be carried out according to the principle of prudentiality, by also taking into consideration the guidelines contained in IFRS 4, represented by the adoption of a "market-based" measurement. The value of the technical provisions, in fact, must correspond with "*the amount that an insurance or reinsurance company would have to pay if its contractual rights and obligations were immediately transferred to another company*".

In this sense, the risk margin assumes the meaning of risk premium or, in actuarial terms, safety loading, whereas the prudence is included in the retention of an adequate level of capital.

These principles are satisfied in the adoption of a Discounted Cash Flow (DCF) method for the BEL valuation, eliminating all forms of prudence (e.g. final cost valuation for claims provisions, inclusion of provisions for unexpired risks and supplementary provisions for the premium provision) and including - in the valuation - all variables that could affect the amount of future cash flows.

The BEL corresponds to the present estimated value of future cash flows calculated on the basis of the relevant due dates structure of risk-free interest rates, taking into account the volatility adjustment referred to in Art. 77-quinquies of the Directive, when applied.

The structures by maturity of the risk-free interest rates used in calculating the BEL are differentiated based on the country in which each Group company is located.
The volatility adjustment is adopted only for the Italian Companies (equal to 3 bps at 31/12/2021, down compared to 7 bps in the previous year) and is determined on the basis of EIOPA specifications with reference to a benchmark portfolio representing the assets covering the technical provisions in which the insurance and reinsurance companies invest.
The figures below show the rate curves adopted for the assessment of the BELs at 31 December 2021 for each reference country.



Best Estimate Liability Non-Life

The Best Estimate Liability, equal to the sum of the claims BEL and premiums BEL, was calculated in accordance with the principles stated in the regulation, by applying suitable statistical/actuarial models and net of amounts recovered from the policyholders and from third parties for the portion not already recognised as assets in the balance sheet.

The value of the Group's Claims BEL is obtained based on the calculation of the individual Claims BELs for each Company.
Details on their calculation and on the methodologies and models used are described in the reports prepared for the individual companies. For the companies DDOR Novi Sad and DDOR-Re, simplified approaches based on financial statement values are adopted.

The amount of the Claims Best Estimates for the Group is based on the sum of the "solo" values adjusted for intra-group transactions:

$$BE^{Group} = \sum_{i=1}^{N} BE_i^{(No\ Infr)} = \sum_{i=1}^{N} \frac{BE_i}{RS_i} RS_i^{(No\ Infr)}$$

The adjusted BEs ($BE_i^{(NoInfr)}$) are determined based on the claims provisions net of intra-group transactions ($RS_i^{(NoInfr)}$) calculated for the purpose of the Consolidated Financial Statements. Indeed, the incidence of the Claims BEs on the Claims Provision in the financial statements for each stand-alone company is applied to this amount.

The premiums BEL was calculated in a manner fully analogous with the calculation made at individual company level, based on the cash flows obtained from the projection of each Company's historic ratios (loss ratio and expense ratio, estimated by considering an average for the last three/four years, or in certain cases the growth trend), applied to the existing portfolio values at the time of valuation, separately for each business line, but net of intra-group transactions. The cost of claims is attributed to the settlement period based on the pattern of claims experience estimated for current business to obtain the correct projected cash flow. The total cash flows, the present value of which constitutes the Premiums BE, take into account all the items, incoming and outgoing, generated by the combination of future premiums, claims not yet received, allocated and unallocated settlement expenses, commissions and administrative expenses deriving from existing contracts.

Analogous with the calculation made by individual company, the total liabilities recognised in the consolidated financial statements against the provisions for profit-sharing and ageing were considered a reasonable estimate of the corresponding liabilities for recognition in the Market Consistent Balance Sheet (MCBS). These provisions were also recorded in the premiums BEL.

The comparison between Non-Life technical provisions measured for the Market Consistent Balance Sheet and those calculated for the Consolidated Financial Statements shows different approaches relating to the assumptions adopted for the calculation and the underlying risks. The main differences between the two regulatory regimes are summarised below:

	Solvency II	Consolidated Financial Statements
Valuation approach	Matching adjustment concept + Risk Margin Disclosure	Prudent assumption concept
Time value of money	Discounted cost	Final cost
Handling of recoveries	Net recoveries	Gross recoveries

As the Best Estimate Liability is a present value of estimated future cash flows, it is by definition an estimate subject to uncertainty in the final cost projection and in the assumed due dates structure for interest rates. In order to assess the main sources of uncertainty in the BEL calculation, a number of sensitivity analyses were carried out. The following, for example, shows the change in BEL as the interest rate structure changes.

BEL (Net of reins.) Discount curve sensitivity analysis

Amounts in €k	Claims BEL	Premiums BEL	TOTAL
Curve - 2020 - without VA	1.17%	1.18%	1.17%
Curve - 2020 - basic	0.98%	0.98%	0.98%
Curve - 2021 - without VA	0.08%	0.08%	0.08%
Curve - 2021 - basic	8,745,575	2,775,396	11,520,971
Curve - 2021 - basic + 1%	(2.53)%	(2.63)%	(2.56)%

Compared to the curve used, the application of the same structure without a volatility adjustment would lead to an upward change in BELs of around 0.08%. Instead, using the curve with an increase of one basis point, there would be a reduction of 2.56%. By contrast, if the curve remained stable at 31 December 2020, the BEL would be roughly 0.98% higher.

Best Estimate Liability Life

The value of the Group's Life BEL is obtained based on the calculation of the individual BELs for each Company. Details on their calculation and on the methodologies and models used are described in the reports prepared for the individual companies. For the companies UnipolRe and DDOR Novi Sad, simplified approaches based on financial statement values are adopted.

The Life BEL valuation method uses an ALM-type stochastic approach which allows an integrated "fair value" measurement of assets and liabilities.

The most significant product category within the portfolio of Group Companies, particularly those based in Italy, consists of revaluable products linked to returns of the Segregated Funds. In this case, the typical quantities for the calculation of the Life BELs are projected at "point" level deriving from the non-destructive aggregation of information on individual policies that have the same characteristics, including the individual Company's technical and actuarial assumptions and also making use of standard stochastic simulation approaches for the financial variables.

ALM logic simulates the actions performed by each individual Company based on the future growth of amounts representing the policies portfolio (liabilities) and the underlying portfolio of financial securities (assets). In the specific case of products with performances that can be revalued in terms of returns of Segregated Funds, ALM logic envisages

a circuitry that can be summarised in the following logical steps, repeated for every instant on the reference time horizon (monthly or annual):

- calculation of the returns for every Segregated Fund, according to the rules envisaged in the Segregated Funds regulations;
- revaluation of the benefits provided to the policyholders based on the returns calculated in the previous step;
- calculation of the net balance of liability items: tariff premiums collected - benefits - operating expenses for the period on the securities portfolio.

If the balance is negative, the model draws upon the liquidity in the assets portfolio, and if this is still not sufficient to cover commitments to the policyholders, the sale of financial securities in the portfolio is arranged, with subsequent gains/losses realised with an impact on returns of Segregated Funds for the next instant and therefore on subsequent indexed benefits.

In the projection, the model also makes use of information related to "management actions", which translates into suitable conditioning factors for the simulation process, the strategic guidelines for financial portfolio management used by each Company.

The process of determining the BELs connected to Segregated Funds takes place through Montecarlo simulation models, i.e. simulating the returns of funds underlying the insurance contract. For this purpose an Economic Scenario Generator (ESG) is used, which makes use of specific projection models for sources of market risk and which is also adopted to measure the Life Underwriting risks. This approach allows the inclusion in technical provisions of a valuation of the cost of financial guarantees and options, if any.

In relation to linked type products, including pension funds belonging to Class VI, for which the value of the Group Companies' commitments to the policyholders is linked to the market value of the underlying financial portfolios, the characteristic amounts are projected for each policy based on the development of the assets present in the portfolio. As for revaluable products, also for the assessment of class III and VI policies technical and actuarial assumptions are used for each individual Company and standard techniques are used for the stochastic simulation of the financial variables.
For each portfolio segment, the BEL calculations are also based, aside from on the economic assumptions described above, on a series of operating assumptions relating mainly to:

- Development of biometric risk factors;
- Operating expenses;
- Exercise frequency of options granted to the customer.

These assumptions are determined as the best possible estimate at the valuation date on the basis of the historic experience of the individual Group Companies, if available, or of appropriate market benchmarks.

For many reasons, associated for example with the unavailability of all the necessary detailed and/or series of information which proves inefficient for tariffs with immaterial portfolio volumes, a part of the Group's Life portfolio is not accurately modelled in the actuarial platform adopted for the projection of cash flows. However, it is included in the overall estimation of the BEL, albeit approximately, through assimilation with products in the same sub-portfolio of reference, accurately assessed by the actuarial platform. The percentage of the portfolio not accurately modelled, subject to simplified valuation, is overall less than 1%.

In order to assess the main sources of uncertainty in the BEL calculation, a number of sensitivity analyses were carried out on the main scenarios affecting the financial and non-financial value. Each valuation was performed by keeping all other scenarios unchanged, including the management actions.

It should be emphasised that the scenarios subject to sensitivity analysis are often correlated, and therefore it is unlikely that the impact of two events occurring simultaneously would be the sum of the impacts of the two respective sensitivities.

The following table illustrates the sensitivity analyses of the Life BEL, recorded in the MCBS at 31 December 2021 of the Group's Italian Companies. The BEL considered amounted to €47,683,164k and constituted around 99% of the Group portfolio; the percentage changes with respect to the basic calculation are reported below.

Sensitivity	Sensitivity description	
IR -20bps	Downward shift of 20 basis points of the risk-free curve	1.67%
IR +20bps	Upward shift of 20 basis points of the risk-free curve	(1.61)%
EQ -20%	20% decrease of equity market value	(0.11)%
EQ +20%	20% increase of equity market value	0.11%
Spread +50bp	Increase of 50 basis points of the spread	(1.32)%
Spread -50bp	Decrease of 50 basis points of the spread	1.96%
Surrenders -50%	50% decrease of redemption rates (multiplier factor, ie 50% of the best estimate redemption assumption)	0.41%
Surrenders +50%	50% increase of redemption rates (multiplier factor, ie 150% of the best estimate redemption assumption)	(0.26)%
Mortality +15%	15% increase in mortality (multiplication factor, i.e 115% of death probabilities is considered)	(0.12)%
Mortality -20%	20% drecrease of mortality (multiplier factor, i.e. 80% of death probabilities is considered)	0.20%
Expenses +10%	10% increase of management costs and 1% increase of the expected inflation rate	0.45%
No volatility adjustment	Reduction of the reference rate curve equal to the amount of volatility adjustment	0.14%
No FS restrictions	Cancellation of the budget constraint (i.e. the reallocation, for each financial portfolio at year end, of the projection of the book value of the securities to the amount of the mathematical reserve)	(0.14)%
No yield target	The management rule for targeting a performance for each projection year is deactivated	0.40%

Technical Provisions - Reinsurers' share

NON-LIFE

Calculation of the reinsurers' share of provisions for the Non-Life and Health businesses was performed, like the calculation carried out at individual company level, by applying - on direct and indirect business volumes ceded (net of any intra-group components) - the results obtained for the gross direct business, and then estimating expected losses due to reinsurance counterparty default calculated on the basis of the volumes of provisions divided into reinsurer rating classes using the probability of default (PD) and the estimated loss given defaults (LGD).

In particular, for each individual company:

- the claims BEL for premiums ceded was calculated by applying to the corresponding financial statements aggregate the ratios between the BEL and financial statements provisions and the breakdown of provisions patterns estimated - for each business segment - on the gross premiums figures;
- the premiums BEL for premiums ceded was calculated using the loss ratios (net of indirect settlement expenses), withdrawal rates and the time allocation percentages estimated on gross premiums figures.

LIFE

As regards the calculation of the reinsurers' share of provisions for the Life business, note that in view of the reduced ceding through the reinsurance channel, for the majority of the Group's portfolios it was not necessary to develop a specific BEL valuation of the reinsurers' share, which was therefore approximated with the amount of the reinsurers' share of provisions indicated in the consolidated financial statements, adjusted to take into account expected losses deriving from reinsurer default. Again in consideration of the very limited volumes, the same approach, with the exception of the default adjustment, is applied to calculate the BEL for indirect business.

For the Company Arca Vita, the provision set forth in the consolidated financial statements was considered a good approximation of the BEL of the reinsurers' share, with the exception of the portfolio of tariffs in the event of death, non-negligible in size, for which the amount was determined using a similar methodology to the gross BEL methodology.

Methodology of valuation of the Risk Margin

The Risk Margin represents the cost of holding an amount of eligible own funds equal to the Solvency Capital Requirement (SCR) needed to support insurance and reinsurance obligations assumed throughout their contractual life.
The method adopted involves calculating the Risk Margin of each group company separately for Non-Life and Life business, so as to take into account the specific features of the two businesses, and calculating the total Risk Margin as the sum of the figures indicated previously.
The Group's overall Risk Margin is determined as the algebraic sum of the Risk Margins calculated separately for each Company on the basis of the solvency capital requirement of the reference company, determined in accordance with the Standard Formula or the Partial Internal Model when applicable.

The Risk Margin is calculated for each company on the basis of the following input data:

- SCR related to operational risk;
- SCR related to credit risk;
- SCR related to Non-Life and Health underwriting risks (including CAT risk) or Life underwriting risks quantified according to the different risk assessment methods;
- SCR related to Ring Fenced Funds;
- settlement speed estimate for the best estimate component of technical liabilities;
- risk-free rate curve.

To estimate the Solvency Capital Requirement for future instants, the simplified method number 2 described in the EIOPA document "Guidelines on valuation of technical provisions" (no. 62), which envisages the option of approximating the SCR for all future years based on the ratio between the BEL for each future year and the BEL at the valuation date, is adopted.

D.2.2 Quantitative information on the valuation of the technical provisions

Non-Life technical provisions

The MCBS recognition value of Non-Life technical provisions corresponds to their fair value determined using the methods described above in paragraph D.2.1.

The values of Non-Life technical provisions broken down by line of business (LoB) are illustrated below.

Segmentation of Non-Life technical provisions by Line of Business

	Amounts in €k	Best estimate (gross)	Risk Margin	Recoverable amounts from reinsurance	TOTAL
	Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)	**11,726,090**	**509,677**	**(625,207)**	**11,610,560**
1	Medical expense insurance	505,634	34,075	(5,155)	534,554
2	Income protection insurance	596,934	32,392	(42,241)	587,084
3	Workers' compensation insurance				
4	Motor vehicle liability insurance	5,264,501	174,068	(45,928)	5,392,641
5	Other motor insurance	545,743	23,096	(2,616)	566,223
6	Marine, aviation and transport insurance	245,978	7,903	(137,618)	116,263
7	Fire and other damage to property insurance	1,508,490	87,954	(113,990)	1,482,454
8	General liability insurance	2,417,979	110,286	(44,681)	2,483,584
9	Credit and suretyship insurance	337,718	25,011	(134,669)	228,060
10	Legal expenses insurance	93,148	3,519	(46,923)	49,744
11	Assistance	85,994	4,718	(4)	90,709
12	Miscellaneous financial loss	123,971	6,656	(51,383)	79,244
	Line of business for: accepted non-proportional reinsurance	**451,685**	**62,379**	**(31,597)**	**482,466**
13	Non-proportional health reinsurance	1,298	142	(24)	1,416
14	Non-proportional casualty reinsurance	272,088	54,857	(1,831)	325,114
15	Non-proportional marine, aviation and transport reinsurance	1,482	43		1,526
16	Non-proportional property reinsurance	176,816	7,337	(29,742)	154,411
	Total	**12,177,775**	**572,056**	**(656,804)**	**12,093,027**

At 31 December 2021 there were no amounts recoverable from SPVs.

The following table summarises the differences in value found between the valuation for Solvency purposes and the valuation for the Group's consolidated financial statements of the Non-Life technical provisions (direct and indirect business), net of amounts ceded to reinsurers.

Non-Life technical provisions

Amounts in €k	Solvency II value	Consolidated FS value – Solvency II Scope	Difference
Technical provisions - Non-life	12,749,831	14,739,937	(1,990,106)
Other technical provisions			
Reinsurance recoverables from: Non-life and health similar to Non-life	(656,804)	(808,142)	151,338
Total	**12,093,027**	**13,931,795**	**(1,838,768)**

For further information on the existing differences between the technical provisions calculation methods for the Non-Life segment for the MCBS and that recorded in the Consolidated Financial Statements, reference should be made to the comments in paragraph D.2.1 above.

The overall difference between the Technical Provisions in the financial statements and the Solvency II value, net of reinsurance, amounts to €1,838.8m.

The difference totalled approximately €425.6m on the Premiums BE and €1,982.9m on the Claims BE. These effects are partly offset by the addition of the Risk Margin (€572.1m).

Life technical provisions

The MCBS recognition value of Life technical provisions corresponds to their fair value determined using the methods described above in paragraph D.2.1.

The values of Life technical provisions broken down by LoB (line of business) are illustrated below.

Segmentation of Life technical provisions by Line of Business

	Amounts in €k	Best estimate (gross)	Risk Margin	Recoverable amounts from reinsurance	Total
	Direct business	**48,178,593**	**431,476**	**9,452**	**48,619,521**
1	Health insurance				
2	Insurance with profit participation	40,120,173	333,527	(12,806)	40,440,893
3	Index-linked and unit-linked insurance	8,196,638	55,788		8,252,426
4	Other life insurance	(138,218)	42,161	22,258	(73,799)
5	Annuities stemming from non-life insurance contracts and relating to health insurance obligations				
6	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations				
	Indirect business	**2,743**	**8**	**(925)**	**1,826**
	Total	**48,181,336**	**431,484**	**8,527**	**48,621,347**

The following table summarises the differences in value found between the valuation for Solvency II purposes and the valuation for the Group's Consolidated Financial Statements of the Life technical provisions (direct and indirect business, net of reinsurance).

Life technical provisions

Amounts in €k	Solvency II Value	Consolidated FS value – Solvency II Scope	Difference
Technical provisions - Life (excluding Index-linked and unit-linked)	40,360,394	39,971,194	389,200
Technical provisions - Index-linked and unit-linked	8,252,426	8,356,764	(104,338)
Recoverables from reinsurance: Life and health similar to Life, excluding Health, Index-linked and unit-linked	8,527	(23,186)	31,713
Recoverables from reinsurance: Life Index-linked and unit-linked			
Total	**48,621,347**	**48,304,772**	**316,575**

The table below provides the details of the technical provisions net of reinsurance for each individual Company and also highlights adjustments for intra-group activities.

Life technical provisions broken down by company

Company - (Amounts in €k)	Solvency II techcnical provisions	IFRS provisions	Difference
UnipolSai Assicurazioni	34,593,855	33,814,521	779,334
Arca Vita	12,830,177	13,315,052	(484,875)
BIM Vita	686,420	694,437	(8,016)
Arca Vita International	470,321	471,170	(850)
Ddor Novi Sad	31,624	31,616	8
UnipolRe	970	1,709	(739)
Intragroup transactions	(547)	(547)	
Totale	**48,612,820**	**48,327,958**	**284,862**

The comparison between Life technical provisions measured for the Market Consistent Balance Sheet and those calculated for the IFRS financial statements shows different approaches relating to the assumptions adopted for the calculation and the underlying risks.

Deviation between the two quantities is particularly significant for traditional tariffs and for those envisaging benefits linked to the performance of a Segregated Fund (i.e. revaluable). In summary, the methodological approach used to value the above-mentioned products in the IFRS financial statements does not allow full expression of the cost of financial guarantees granted to the policyholders, or a possible unfavourable development in the options granted to the policyholders.

The main factors due to which the two valuation metrics differ may be summarised as:

- financial impacts, or the set of assumptions relating to the risk-free reference rate level, market volatility and the adoption of risk-neutral valuation methodologies;
- the adoption of best estimates relating to estimated mortality levels (against prudent assumptions adopted in the calculation of provisions for the financial statements);
- the modelling of policyholder behaviour expected in the year for the various contractual options offered (surrender, reduction, withdrawal, additional payments, etc.), which are not specifically considered in the calculation of provisions for the financial statements;
- the adoption of cost assumptions (commissions and non-commissions) based on the Companies' actual experience (against assumptions adopted in the calculation of provisions for the financial statements, based on "first level" assumptions, i.e. those defined at the tariff pricing stage prior to verification of their sustainability);
- the explicit inclusion of the Risk Margin in the calculation of the Technical Provisions, a component not envisaged in financial statements provisions.

The Solvency II technical provisions for the *Reinsurance recoverables* segment, given the low degree of materiality of the total volume, as previously mentioned, were determined on the basis of the amount recognised in the Consolidated Financial Statements, adjusted for expected losses from reinsurer default. An exception is made for the portfolio of tariffs in the event of death of Arca Vita for which the amount was determined using a similar methodology to the gross BEL methodology.

D.2.3 Information on the effects of the application of volatility adjustment

For the fair value measurement of Non-Life and Life technical provisions, the Group has applied the option envisaged in Art. 77-quinquies of the Directive, defined as the volatility adjustment (VA).

The table below summarises the effect that non-application of the VA would have on technical provisions (gross of the effect of reinsurance), on the Solvency Capital Requirement, basic own funds and eligible own funds to cover the Solvency Capital Requirement.

Volatility Adjustment

Amounts in €k	With VA (a)	Without VA (b)	Difference (b)-(a)
Technical provisions	61,362,650	61,442,922	80,271
Basic own funds	7,901,632	7,855,786	(45,846)
SCR	4,551,621	4,558,933	7,312
Eligible amount of own funds to meet SCR	9,726,927	9,681,081	(45,846)
SCR coverage ratio	2.14	2.12	(0.01)

D.3 Other liabilities

D.3.1 Valuation criteria

Please first of all note that, when not specified otherwise, no changes were made to the valuation criteria, methods and models with respect to those used in the previous year.

Financial liabilities

The fair value of other (non-technical) financial liabilities is measured by taking into account the credit rating of the company "at inception", without considering any subsequent changes in that credit rating.

Other liabilities

For all other liabilities not included in the categories of previous paragraphs, taking into account the related characteristics, the recognition value in the MCBS is consistent with their value determined for the consolidated financial statements drafted by the holding company and consequently applying the reference IAS/IFRS.

D.3.2 Quantitative information on the valuation of other liabilities

The differences recognised between other liabilities in the MCBS and their corresponding valuations in the Consolidated Financial Statements are provided below.

Other liabilities

Amounts in €k	Solvency II value	Consolidated FS value – Solvency II Scope	Difference
Provisions other than technical provisions	432,336	432,336	
Pension benefit obligations	88,275	88,275	
Deposits received from reinsurers	130,520	130,520	
Derivatives	432,805	432,805	
Debts owed to credit institutions	171,631	171,631	
Financial liabilities other than debts owed to credit institutions	2,900,562	2,872,676	27,886
Insurance and intermediaries payables	184,223	184,223	
Reinsurance payables	85,136	85,136	
Payables (trade, not insurance)	290,916	290,916	
Subordinated liabilities	2,004,815	1,446,109	558,706
Any other liabilities, not elsewhere shown	1,343,772	1,343,772	
Total	**8,064,991**	**7,478,399**	**586,593**

The difference in the valuation of financial liabilities other than payables to credit institutions derives from the fair value measurement primarily of debt securities issued by the Parent Company, which are valued at amortised cost in the Consolidated Financial Statements.

With reference to subordinated liabilities, as indicated previously, the difference of €558,706k is attributable:

- for €496,161k to the different method of accounting of the Restricted Tier 1 capital instrument for a nominal value of €500m issued by UnipolSai in October 2020. In particular, in relation to the features of the Issue, which do not establish an obligation on the part of the issuer to return the capital or pay coupons, for the purposes of the Consolidated Financial Statements drafted on the basis of IAS/IFRS standards, said instrument qualified as a component of shareholders' equity and was consequently recognised in the item "Excess of assets over liabilities". By contrast, said instrument is recognised in the item "Subordinated liabilities" in the MCBS;
- for €62,546k to their measurement at fair value (without considering the post-issue change in credit rating) for MCBS purposes. Such liabilities were instead measured at amortised cost in the Consolidated Financial Statements.

The total liabilities for defined benefit plans due to employees after termination was €88,275k, consisting primarily of post-employment benefits and obligations deriving from the post-retirement policy for managers. There are no assets serving such defined benefit plans.
Post-employment benefits accrued by 31 December 2006 that were not transferred to external bodies in accordance with the provisions of Italian Legislative Decree 252/05 on supplementary pension schemes come under the category of employee benefits classified as a defined benefit plan. The amount due to employees is therefore calculated using actuarial techniques and discounted at the reporting date, using the "Projected unit credit method" (a method based on benefits accrued in proportion to length of employment).
The same method is used to establish the effects of other defined benefits for employees for the post-employment period.
Future cash flows are discounted on the basis of the market yield curve, recorded at the end of the year, for corporate bonds issued by issuers with high credit standing.

Leasing and rental agreements - liabilities

At 31 December 2021, the Group is lessee in finance lease agreements primarily with reference to the activity carried out by the subsidiary UnipolRental. Operating leases in which the Group is lessee are also in place to support the Group's ordinary activity concerning primarily real estate and IT materials.

D.4 Alternative methods for valuation

As reported in the previous paragraphs, with reference to the valuation method for assets, technical provisions and other liabilities, for some of these alternative valuation methods were used, based on the premises stated in Art. 10 of the Regulation.
In particular, alternative valuation methods were used for all assets and liabilities for which the Regulation had not defined other valuation criteria[23], lacking prices listed in active markets of identical or similar assets and liabilities.

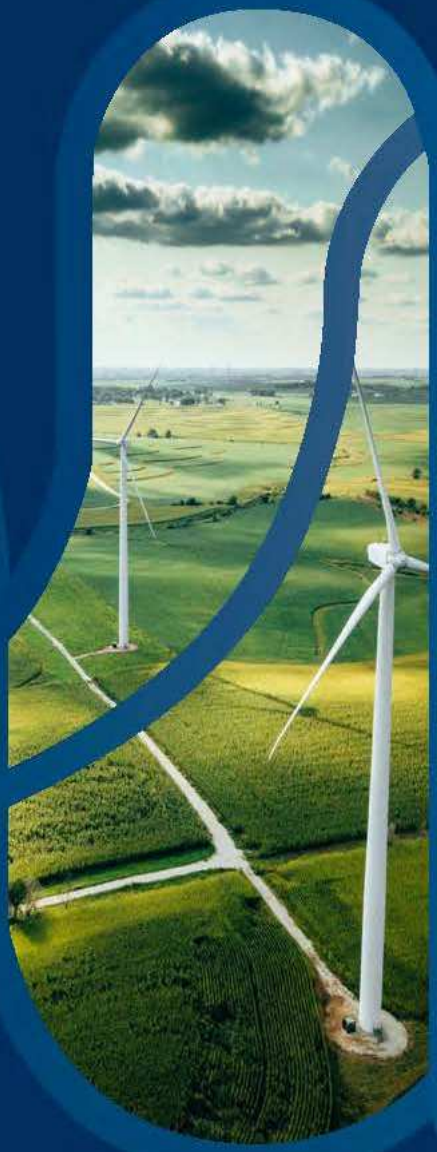
The description of the methods used and the valuation uncertainties is given in the comments on valuation criteria in paragraphs D.1.1 and D.3.1.

Based on past experience, no significant deviations emerged between the estimated valuation based on alternative valuation methods and the corresponding values deduced, for example, from subsequent market transactions involving these assets and liabilities.

D.5 Any other information

Note that there is no significant information to report in addition to that already illustrated in previous paragraphs.

[23] In particular, these are contingent liabilities (Art. 11 of the Regulation), intangible assets (Art. 12), participations (Art. 13), financial liabilities (Art. 14), deferred taxes (Art. 15) and technical provisions (Chapter III of the Regulation).

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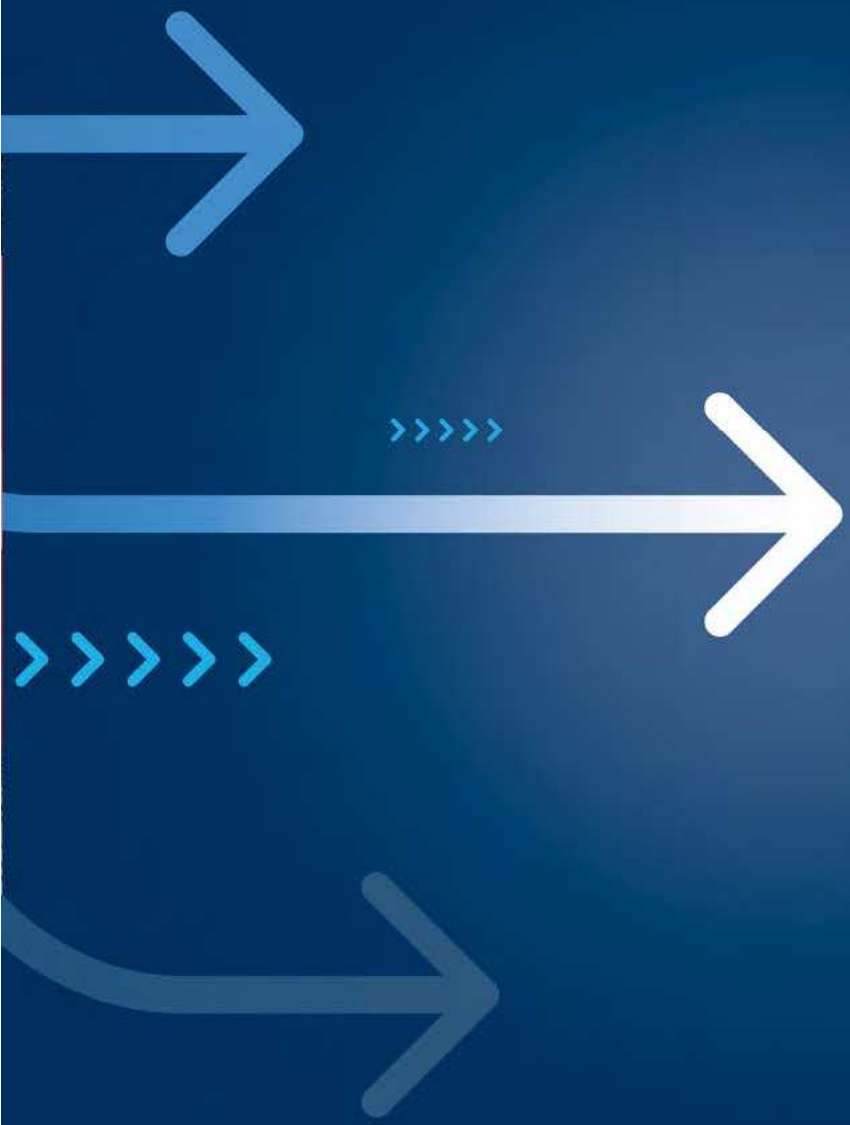


E

CAPITAL MANAGEMENT

E Capital management

E.1 Own funds

E.1.1 Introduction

Own funds (OF) represent the financial resources steadily acquired by the Group and available to it to absorb losses and to overcome risks generated by business activities on a going concern basis.

The Directive divides available Own Funds into basic OF and ancillary OF.

The basic OF are formed from the surplus of assets over liabilities, both measured at fair value pursuant to Art. 75 of the Directive, and subordinated liabilities. The elements are classified in 3 tiers (Tier 1, Tier 2 and Tier 3) based on the technical characteristics and the objectives of stability and loss absorption.

Note that, among the Tier 1 elements, the reconciliation reserve is equal to the amount representing the total excess of assets over liabilities, less the value of:

- own shares of the parent company;
- expected dividends;
- Tier 2 and Tier 3 own funds;
- Tier 1 elements other than the reconciliation reserve;
- the excess of own funds over and above the notional SCR of Ring Fenced Funds;
- other own funds not available to the Group[24].

Pursuant to Art. 330 of the Regulation, subsequent to the identification of basic own funds, it is necessary to evaluate whether specific own funds eligible for covering the solvency capital requirement of an investee company may be made effectively available to cover the group's solvency capital requirement.

The basic own funds which, following this evaluation, are actually unavailable to cover the Group's solvency capital requirement are calculated within the group's own funds for a maximum amount equal to the contribution of the issuing company to the Group's SCR.

The ancillary OF, not present at 31 December 2021, are the elements other than basic that can be used to absorb losses. The above category can include:

- share capital or initial funding not paid and not called;
- letters of credit and guarantees;
- any other legally binding commitment received by the Group Companies.

These elements, whose inclusion among ancillary OF is subject to Supervisory Authority approval, cannot be calculated in Tier 1 and are not eligible for MCR cover.

In order to obtain the own funds eligible to cover the SCR and the MCR, the available own funds are restated in accordance with the eligibility criteria.

The eligibility limits used are those established in Art. 82 of the Regulation, which envisages the following criteria to meet the Solvency Capital Requirement (SCR):

- the Tier 1 percentage must be at least 50% of the SCR;
- the total of Tier 3 elements must be less than 15% of the SCR;
- the sum of Tier 2 and Tier 3 elements cannot be higher than 50% of the SCR.

Within the above limits, Tier 1 subordinated liabilities (defined as "Tier 1 restricted") cannot exceed 20% of the total Tier 1 elements. The elements that should be included in the upper Tiers, but are in excess of the above limits, can be reclassified to the lower Tiers until those lower Tiers are completely saturated.

As regards compliance with the Minimum Capital Requirement (MCR), the eligibility limits used are the most stringent established in the Regulation:

[24] This category includes any assets not considered eligible for SCR cover based on specific Supervisory Authority instructions.

- the Tier 1 percentage must be at least 80% of the MCR;
- the total of Tier 2 elements, therefore, cannot be higher than 20% of the MCR.

Own funds classifiable as Tier 3 are eligible as MCR cover.

E.1.2 Capital management policy

The capital management strategies and objectives of the Group and of each Company are set out in the "Capital Management and Dividend Distribution Policy", which describes the reference framework and process for capital management and dividend distribution also in terms of the roles and responsibilities of the players involved. The document also identifies the principles for capital management and dividend distribution or other elements of own funds, consistent with the objectives of return on capital and with the risk appetite defined by the Board of Directors.

The general aims pursued by the "Capital Management and Dividend Distribution Policy" are:

- ex ante definition of the return objectives on allocated capital, consistent with the profitability targets and in line with the risk appetite;
- maintain a sound and efficient capital structure, considering growth targets and risk appetite;
- outline the capital management process for the definition of procedures to ensure, inter alia, that:
  - the elements of own funds, both at the time of issue and subsequently, satisfy the requirements of the applicable capital regime and are correctly classified;
  - the terms and conditions for each element of own funds are clear and unequivocal;
- define in advance a sustainable flow of dividends, in line with the profit generated, available cash and the risk appetite, also identifying and documenting any situations in which the distributions of elements of own funds can be cancelled or postponed;
- outline the dividend distribution process for the definition of procedures to guarantee a solid and efficient capital structure, considering that growth targets and profitability objectives are in line with the risk appetite;
- define the roles, responsibilities and reporting in relation to capital management and the distribution of dividends or other elements of own funds.

The capital management and dividend distribution process is divided into five steps, in close relation with other corporate processes:

- final measurement of available capital and the capital required;
- formulation of the medium-term capital management plan;
- operating monitoring and reporting;
- management actions on capital;
- distribution of dividends or other elements of own funds.

E.1.3 Information on available and eligible own funds

The table below illustrates the position for the Group's available and eligible own funds, divided into the Tiers, showing the changes occurring between 31 December 2020 and 31 December 2021.

Amounts in €k	31/12/2020	Issued	Redeemed	Movements in valuation	Regulatory action and other movements	31/12/2021
Total available own funds to meet the SCR	**9,134,798**		**(973,806)**	**1,565,935**		**9,726,927**
of which tier 1 unrestricted	*6,928,453*		*(322,672)*	*1,287,069*		*7,892,850*
of which tier 1 restricted	*1,270,222*		*(80,448)*	*121,106*		*1,310,880*
of which tier 2	*923,566*		*(570,686)*	*137,558*		*490,438*
of which tier 3	*12,557*			*20,202*		*32,759*
Adjustments for eligibility restrictions						
of which tier 1 unrestricted						
of which tier 1 restricted						
of which tier 2						
of which tier 3						
Total eligible own funds to meet the SCR	**9,134,798**		**(973,806)**	**1,565,935**		**9,726,927**
of which tier 1 unrestricted	*6,928,453*		*(322,672)*	*1,287,069*		*7,892,850*
of which tier 1 restricted	*1,270,222*		*(80,448)*	*121,106*		*1,310,880*
of which tier 2	*923,566*		*(570,686)*	*137,558*		*490,438*
of which tier 3	*12,557*			*20,202*		*32,759*

Taking into account that the Group has no ancillary OF, the own funds available as SCR cover coincide with the basic own funds.

Details are provided below of the annual changes in elements of the basic own funds, broken down by Tier:

Annual movements on basic own funds

Amounts in €k	31/12/2020	Issued	Redeemed	Movements in valuation	Regulatory action and other movements	31/12/2021
Paid-in ordinary share capital	3,365,292					3,365,292
Share premium account related to ordinary share capital	1,250,061					1,250,061
Reconciliation reserve	3,172,023		(322,672)	1,356,643		4,205,994
Other own fund items approved by the supervisory authority as basic own funds						
Own funds which are not available because of transferability, fungibility and minority interest (insurance sector)	(827,828)			(100,668)		(928,496)
Deduction of participations in financial and credit institutions	(1,679,139)			(146,156)		(1,825,295)
Total "Tier 1 unrestricted" insurance sector	**5,280,409**		**(322,672)**	**1,109,819**		**6,067,555**
Own funds relating to participations in financial and credit institutions	1,648,045			177,250		1,825,295
Total "Tier 1 unrestricted" financial sector	**1,648,045**			**177,250**		**1,825,295**
Total "Tier 1 unrestricted"	**6,928,453**		**(322,672)**	**1,287,069**		**7,892,850**
Called up but unpaid ordinary share capital						
Subordinated liabilities	1,562,853		(80,448)	(23,433)		1,458,972
Own funds which are not available because of transferability, fungibility and minority interest (insurance sector)	(292,631)			144,539		(148,092)
Total "Tier 1 restricted"	**1,270,222**		**(80,448)**	**121,106**		**1,310,880**
Subordinated liabilities	1,136,335		(570,686)	(19,806)		545,843
Own funds which are not available because of transferability, fungibility and minority interest (insurance sector)	(212,769)			157,363		(55,405)
Total "Tier 2"	**923,566**		**(570,686)**	**137,558**		**490,438**
Subordinated liabilities						
Net deferred tax assets	14,657			20,381		35,038
Own funds which are not available because of transferability, fungibility and minority interest (insurance sector)	(2,099)			(180)		(2,279)
Total "Tier 3"	**12,557**			**20,202**		**32,759**
Total basic own funds	**9,134,798**		**(973,806)**	**1,565,935**		**9,726,927**

On the whole, an increase in basic own funds of €592,129k was recorded, attributable primarily to:

- the increase in the reconciliation reserve for €1,033,971k, net of the amount of expected dividends for 2021;
- the reduction in subordinated liabilities for a total of €694,372k (of which €103,881k of the Tier 1 restricted type and €590,492k of the Tier 2 type), due largely to the repayments of said liabilities made during the year, as commented on in the paragraphs below.

For a description of the breakdown and changes in the main items making up the reconciliation reserve, please refer to the dedicated paragraph.

The amount of net deferred tax assets in "Tier 3" was equal to €35,038k at 31 December 2021 with respect to a value of €14,657k in the previous year.

For more information concerning trends in own funds relating to participations in financial and credit institutions, please refer to the section "Own funds gross of adjustments for transferability and fungibility - financial sector".

Composition and characteristics of the Group's own funds

Basic own funds gross of adjustments for transferability and fungibility - insurance sector

The individual elements of the Group's own funds and the relative classification in Tiers are commented on below.

The ordinary share capital and share premium reserve correspond to the amounts paid in by the shareholders of the parent company Unipol Gruppo SpA. Based on their level of stability and their loss absorption capacity, they qualify as "Tier 1 unrestricted" own funds.

The reconciliation reserve, based on Art. 69 of the Regulation, represents the residual amount of the Group's own funds eligible as an element of Tier 1 unrestricted own funds, determined by making suitable adjustments to the total obtained as the difference between assets and liabilities recorded in the MCBS. Details of the calculation of the reconciliation reserve are provided below.

Reconciliation reserve

Amounts in €k	Tier 1 unrestricted 2021	Tier 1 unrestricted 2020
Excess of assets over liabilities from MCBS (A)	9,182,238	8,112,488
Own shares (held directly and indirectly) (B)	1,335	3,037
Foreseeable dividends, distributions and charges (C)	322,672	307,222
Other basic own fund items (D)	4,650,391	4,630,010
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds (E)		
Other non available own funds (F)	1,846	197
Reconciliation reserve (A-B-C-D-E-F)	**4,205,994**	**3,172,023**

To determine the reconciliation reserve, the following adjusting items were deducted from the amount obtained as the difference between assets and liabilities set forth in the MCBS:

- the item "Other basic own fund items" (€4,650,391k at 31/12/2021 with respect to €4,630,010k at 31/12/2020), which includes the amount of the share capital paid in and the share premium reserve autonomously classified as Tier 1 unrestricted (€4,615,353k at 31/12/2021, unchanged from 31/12/2020) and the total Tier 3 own funds (€35,038k at 31/12/2021 compared to €14,657k at 31/12/2020), corresponding to the value of deferred tax assets the recoverability of which depends on future income;
- the total of own shares held directly and indirectly by the parent company (€1,335k at 31/12/2021, compared to €3,037k at 31/12/2020);
- the amount of dividends, distributions and foreseeable charges (€322,672k at 31/12/2021, compared to €307,222k at 31/12/2020);
- the amount of other own funds not available. This category (€1,846k at 31/12/2021 compared to €197k at 31/12/2020) includes the assets present in the MCBS which, in application of regulatory provisions, were not considered for the coverage of the Solvency Capital Requirement.

Included in the available Tier 1 restricted own funds are the subordinated liabilities indicated below, totalling €1,458,972k. Please note that the subordinated liabilities recognised in this category on the basis of the transitional provisions set forth in Art. 308-ter of the Directive amounted to €966,392k (Hybrid 5.75% UNIPOLSAI PERP. 750M and Subordinated TV UNIPOLSAI 2023 400M).

Subordinated liabilities - Tier 1

Amounts in €k	Issue date	Maturity date	Next call date	Further call dates	Nominal issue value	SII Value (accrued interests included)
Subordinated TV UNIPOLSAI 2023 400M*	24.07.2003	24.07.2023	24.01.2022	Every 6 months	160,000	162,066
Hybrid 5,75% UNIPOLSAI PERP. 750M	18.06.2014	undated	18.06.2024	Every 3 months	750,000	804,326
RT1 6,375% UNIPOLSAI PERP. C	27.10.2020	undated	27.10.2030	Every 6 months	500,000	492,580
Total					**1,410,000**	**1,458,972**

* The contract provides for repayment in 5 constant installments, starting from the sixteenth year of issue and subject to authorization by IVASS.

The third tranche was repaid in July 2021, for an amount of €80,000k plus interest, of the Tier 1 restricted subordinated loan for an original €400m, expiring on 24 July 2023, in implementation of the repayment plan authorised by IVASS.

The Group's Tier 2 available own funds amounted to €545,843k and are composed of a single subordinated loan, whose characteristics are summarised in the following table.

Subordinated liabilities - Tier 2

Amounts in €k	Issue date	Maturity date	Next call date	Further call dates	Nominal issue value	SII Value (accrued interests included)
Subordinated 3,875% UNIPOLSAI 2028 500M	01.03.2018	01.03.2028	-	-	500,000	545,843
Total					**500,000**	**545,843**

Please note that, on 15 March and 28 April 2021, after obtaining the authorisation of the Supervisory Authority to exercise the right to early repayment on the part of the issuer, UnipolSai Assicurazioni SpA extinguished in full the subordinated loan (ISIN XS0130717134) for a nominal value of €300m, the contractual maturity of which had been scheduled for June 2021 as well as the subordinated loan (ISIN XS0173649798) in the residual nominal amount of €262m maturing in July 2023. The total amount repaid comes to €570,686k.

All subordinated and hybrid loans noted above were issued by the subsidiary UnipolSai Assicurazioni SpA and constitute the total amount of the item "Subordinated liabilities in basic own funds" recognised in the Group's MCBS.

Own funds gross of adjustments for transferability and fungibility - financial sector

As illustrated in chapter A, in order to calculate the capital adequacy, the Group uses method 1 (standard method based on the consolidated financial statements) as defined in Art. 230 of the Solvency II Directive and Art. 335 of the Regulation.
In application of this methodology, financial sector entities are consolidated synthetically based on the interest held by the Parent Company in the own funds of such companies calculated by applying the relative reference regulation.

At 31 December 2021, the financial entities in the Unipol Group are the subsidiaries UnipolSai Investimenti Sgr, UnipolReC SpA and UnipolPay SpA and the associate BPER Banca SpA.

The fraction pertaining to the Unipol Group of the own funds relating to BPER Banca SpA (determined on a sub-consolidated basis) was equal to €1,362,804k (€1,241,255k at 31/12/2020). The change reflects the increase recorded by own funds of the investee as a result especially of the extraordinary transactions carried out during the year, described in Chapter A of this report.
The portion pertaining to the Unipol Group of own funds relating to UnipolSai Investimenti Sgr, UnipolReC SpA and UnipolPay SpA (determined on an individual basis) was equal to €13,761k (€13,965k at 31/12/2020), €429,553k (€423,919k at 31/12/2020) and €19,178k, respectively.

Taking into account the fact that the participations held by the Group in such entities refer exclusively to Common Equity Tier 1 instruments (CET1, based on applicable sector regulations - "Basel III"), the relative own funds were classified in the corresponding "Tier 1 unrestricted" category set forth in the Solvency II regulation.

Adjustments for limits of transferability and fungibility and for non-controlling interests

As mentioned above, subsequent to the identification of basic own funds described in the previous paragraph, it is necessary to evaluate whether specific own funds eligible for covering the solvency capital requirement of an investee insurance or reinsurance company or an insurance holding company or a mixed financial holding company may be made effectively available to cover the group's solvency capital requirement (Art. 330 of the Regulation).

The Unipol Group determines the unavailable own funds at consolidated level by adding, for each investee, the positive difference between:

i) the amount of own funds of the individual investees that do not meet the conditions of free transferability and fungibility pursuant to par. 1 of Art. 330 of the Regulation. In particular, the unavailable own funds of the individual investee insurance companies were determined by deeming the own funds consisting of subordinated liabilities and net deferred tax assets not transferable/interchangeable;

ii) the contribution of each investee entity to the group's solvency requirement determined pursuant to paragraph 6 (a) of Art. 330 of the Regulation.

Lastly, Art. 330, paragraph 4 of the Regulation establishes that the following is deducted from consolidated own funds:

i) an amount equal to the minority interests held by third parties in subsidiary insurance or reinsurance companies, insurance holding companies or mixed financial holding companies that are subsidiary companies of the parent company exceeding the contribution of each subsidiary company to the group's solvency capital requirement;

ii) all minority interests in subsidiary ancillary services undertakings.

With reference to the investee entities in the financial sector, the sum of the following elements was considered available at the level of the holding company Unipol Gruppo SpA:

1) minimum level of the capital requirement of the financial entities, determined on a sub-consolidated basis (with reference to BPER Banca S.p.A.) and an individual basis (with reference to UnipolSai Investimenti Sgr, UnipolReC SpA and UnipolPay SpA) on the basis of the applicable regulations;

2) excess share of own funds of the individual entities with respect to the minimum limits pursuant to point 1) within the limits in which such excess amounts consist of own funds that are actually transferable within the Unipol Group.

The table below summarises, with reference to 31 December 2021, the results of the calculation steps completed to determine the share of own funds deducted due to the lack of transferability and fungibility requirements as well as with reference to the minority interests not eligible for calculation described just above.

Own funds which are not available because of transferability, fungibility and minority interest

Amounts in €k	Basic own funds before adjustments for transferability and fungibility	Adjustments for transferability and fungibility	Adjustments for minority interests of subsidiaries exceeding the relative contribution to Group's SCR	Own funds ("available") 2021
Tier 1 unrestricted	6,996,052		(928,496)	6,067,555
Tier 1 restricted	1,458,972		(148,092)	1,310,880
Tier 2	545,843		(55,405)	490,438
Tier 3	35,038		(2,279)	32,759
Totale OF Insurance Sector	**9,035,905**		**(1,134,273)**	**7,901,632**
Tier 1 unrestricted	1,825,295			1,825,295
Total OF Financial Sector	**1,825,295**			**1,825,295**
Total OF	**10,861,200**		**(1,134,273)**	**9,726,927**

Eligible own funds

As stated in the introduction, in order to identify the total eligible own funds to cover the Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR), it is necessary to apply the rules of Art. 82 of the Regulation to the available own funds relating to the insurance sector.
The following table illustrates the structures and amount of OF to meet SCR and MCR, determined for 2021, in comparison with the same data for the year ended at 31 December 2020.

Available and eligible own funds to meet the SCR

Amounts in €k	Available own funds	Adjustments for eligibility	Eligible own funds 2021	Eligible own funds 2020
Tier 1 unrestricted	6,067,555		6,067,555	5,280,409
Tier 1 restricted	1,310,880		1,310,880	1,270,222
Tier 2	490,438		490,438	923,566
Tier 3	32,759		32,759	12,557
Total OF Insurance sector	**7,901,632**		**7,901,632**	**7,486,754**
Tier 1 unrestricted	1,825,295		1,825,295	1,648,045
Total OF Financial Sector	**1,825,295**		**1,825,295**	**1,648,045**
Total OF	**9,726,927**		**9,726,927**	**9,134,798**
Total SCR			**4,551,621**	**4,231,907**
Surplus/(shortage)			**5,175,306**	**4,902,891**

Available and eligible own funds to meet the MCR

Amounts in €k	Available own funds	Adjustments for eligibility	Eligible own funds 2021	Eligible own funds 2020
Tier 1 unrestricted	6,067,555		6,067,555	5,280,409
Tier 1 restricted	1,310,880		1,310,880	1,270,222
Tier 2	490,438	(148,569)	341,868	330,418
Total OF	**7,868,873**	**(148,569)**	**7,720,303**	**6,881,049**
Total MCR			**1,709,342**	**1,652,091**
Surplus/(shortage)			**6,010,962**	**5,228,957**

As shown in the above tables, own funds available at 31 December 2021 are fully eligible to cover the SCR. With regard to the MCR cover, however, for which the Regulation imposes stricter eligibility rules, there was a decrease in eligible own "Tier 2" funds.

The amount of net deferred tax assets recognised as own funds eligible to cover the SCR is equal to €32,759k.

Reconciliation with shareholders' equity from the consolidated financial statements

The MCBS at 31 December 2021 shows that assets exceeded liabilities by €9,182,238k (€8,112,488k at 31/12/2020), €539,311k (€1,412,783k at 31/12/2020) lower than the shareholders' equity recorded in the consolidated financial statements at the same date.

This difference is due:

- to the different methods for treating, between MCBS and the consolidated financial statements, own shares and the RT1 regulatory capital instrument issued in October 2020;

- to the different methods of consolidation of the investee entities of the parent company Unipol Gruppo SpA adopted to prepare the consolidated financial statements with respect to those used for the preparation of the MCBS, as already reported in chapter D;
- to the different valuation of shareholders' equity components.

The table below provides the reconciliation between consolidated shareholders' equity in the IFRS financial statements and shareholders' equity in the MCBS.

Statement of reconciliation between Financial Statements and MCBS Shareholders' equity

		2021	2020
A	**Shareholders' equity (Financial Statements)**	**9,721,549**	**9,525,271**
B	Adjustments for reclassification of shareholders' equity items	(495,014)	(493,509)
	Own shares qualified as asset in the MCBS and as an adjustment to shareholders' equity in the IFRS Consolidated Financial Statements	1,147	*2,652*
	RT1 capital instruments qualified as shareholders' equity in the IFRS Consolidated Financial Statements and as liabilities in the MCBS	(496,161)	*(496,161)*
C	Adjustments for different consolidation methods	(196)	(170)
D	Adjustments by assets/liabilities type	(44,101)	(919,103)
	Intangible assets	(2,155,406)	*(2,114,693)*
	Properties and tangible assets for investment and for own use	457,824	*381,080*
	Other financial investments	635,097	*780,785*
	Non-life technical provisions	1,990,106	*1,506,615*
	Non-life reinsurance recoverables	(151,338)	*(141,295)*
	Life technical provisions	(284,862)	*(1,044,422)*
	Life reinsurance recoverables	(31,713)	*(27,087.2)*
	Financial Liabilities	(90,432)	*(225,241)*
	Other assets	1,088	*1,285*
	Deferred taxes	(414,465)	*(36,129)*
E=A+B+C+D	**Shareholders' equity (MCBS)**	**9,182,238**	**8,112,488**

Section D above illustrates the valuation criteria adopted for preparation of the MCBS, as well as more detailed quantitative information on the comparison with financial statements values.

Methods for eliminating intra-group transactions for the calculation of Own Funds

The Group determines the Consolidated MCBS in compliance with Art. 335 of the Regulation which, particularly with reference to the Unipol Group companies, establishes that the consolidated figures include:

i. full consolidation of the data of all participations in insurance or reinsurance companies, non-EU insurance or reinsurance companies, insurance holding companies, mixed financial holding companies and ancillary services undertakings;

ii. synthetic consolidation, based on the proportional share of own funds of the company calculated pursuant to the pertinent sector regulations, relating to participations in credit institutions and financial institutions;

iii. synthetic consolidation in compliance with Art. 13 of the Regulation, of all investee companies other than those mentioned in the previous points.

The methods of eliminating intra-group transactions were applied in line with ordinary consolidation techniques adopted to prepare the Consolidated Financial Statements (IFRS 10 and IAS 28), taking into consideration the different scope of consolidation as described above.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

As already mentioned, the Group calculates its Solvency Capital Requirement on the basis of the Partial Internal Model, without adopting the simplified calculations permitted by regulations. As part of the risk assessment carried out using the Partial Internal Model, the Group quantifies, through the Standard Formula and use of the Group Specific Parameters (GSP), the Non-Life premium and reserve risks for the lines of business (i) Motor vehicle liability (ii) General liability and (iii) Fire and Other damage to property.
The valuations were performed by applying the Volatility Adjustment (VA) as the long-term measurement envisaged in the Solvency II regulations, the precise value of which as communicated by EIOPA at the reference date of 31 December 2021 was 3 basis points.

The SCR total for the Group at the end of the reference period was €4,551,621k , up by €319,714 k compared to the SCR relating to 31 December 2020. Please refer to Chapter C for further comments on the changes in the individual risk modules.

The MCR total for the Group at the end of the reference period was €1,709,342k; this amount is calculated according to the specifications defined in Art. 248 of the Regulation.

The amount of the SCR for each risk category established for the Partial Internal Model is shown below along with a comparison with the data relating to 31 December 2020:

SCR - Partial Internal Model

Amounts in €k

Risk Modules	2021	2020	Change on 2020
Non-life and health underwriting risk	2.070.029	1.986.228	83.800
Life underwriting risk	371.135	374.067	(2.931)
Market risks	2.916.432	2.916.193	239
Credit risk	327.956	343.511	(15.555)
Diversification	(1.551.711)	(1.595.867)	44.156
BSCR	**4.133.840**	**4.024.132**	**109.708**
Operational risk	525.509	539.592	(14.083)
ALAC TP	(709.621)	(630.437)	(79.184)
ALAC DT	(885.217)	(896.729)	11.512
SCR of other related undertakings (SCR OT)	112.421	102.235	10.186
Out of scope undertakings's SCR	346.973	321.958	25.015
Model Adjustment	4.949	4.360	589
Solvency capital requirement - Insurance sector	**3.528.855**	**3.465.111**	**63.744**
Solvency capital requirement - Credit and financial sector	**1.022.766**	**766.796**	**255.970**
SCR	**4.551.621**	**4.231.907**	**319.714**

It should be noted that the total amount recorded with reference to ALAC DT was €887,161k, of which €885,217k shown in row "ALAC DT" and €1,944k included in the item "Model Adjustment".

E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

The Group does not use the equity risk sub-module pursuant to Art. 304 of the Regulation to calculate the SCR.

E.4 Differences between the standard formula and any internal model used

Following the authorisation received from the Supervisory Authority, the Group calculates its Solvency Capital Requirement using a Partial Internal Model (PIM) in order to more adequately assess the real risk profile of the Group with respect to the standard formula.

To provide a more complete representation of the risk profile, the Group has adopted risk classification criteria somewhat different from those proposed by the Standard Formula, which is the method used to calculate the Solvency Capital Requirement ("SCR") for companies that have not developed an internal model. In particular, with regard to market risk, as part of the PIM, the Group also considers the risks relating to the volatility of share prices and interest rates.

For the risk modules not included within the PIM, the Standard Formula is used, with the application of parameters specific to the Group ("Group Specific Parameters" or "GSP") to calculate the Premium and Reserve Risk for the following Lines of Business ("LoB"):

- Segment 1, Proportional insurance and reinsurance on TPL resulting from the circulation of vehicles, comprising Lines of Business 4 and 16 as defined in Annex I to the Regulation. This segment is also referred to as "Motor third-party liability" or "Motor vehicle liability" or the acronym MVL;
- Segment 4, Proportional insurance and reinsurance against fire and other damage to property, comprising Lines of Business 7 and 19 as defined in Annex I to the Regulation. This segment is referred to as "Fire and other property damage" or "Fire and other Damage to Property" or the acronym FDP;
- Segment 5, Proportional insurance and reinsurance on general third-party liability, comprising Lines of Business 8 and 20 as defined in Annex I to the Regulation. This segment is also referred to as "Third-party liabilities" or "General liability" or the acronym GLI.

In addition, within the Partial Internal Model the Group also assesses the following risks using the Standard Formula (Market Wide):

- market concentration risk;
- the Credit risk exposure to residual counterparties for which no information has at present been obtained for PIM modelling;
- the Health and Non-Life Catastrophe risks other than Earthquake risk;
- the Non-Life and Health premium and reserve risks for lines of business other than those indicated previously;
- Non-Life and Health surrender risk;
- Life business catastrophe risk;
- Operational risk;
- all Market risks and all Life underwriting risks in reference to index-linked policies, unit-linked policies and pension funds.

The risk aggregation process calls for a bottom-up approach and may be broken down into two phases:

- aggregation of the risk sub-modules that make up the Market, Non-Life and Health, Life and Credit risks;
- aggregation of the Market, Non-Life and Health, Life and Credit risk modules.

The aggregation of the sub-modules involves three distinct approaches:

- joint sampling of risk factors;
- aggregation by means of the Var-Covar method with a posteriori determination of the Probability Distribution Forecast ("PDF");
- aggregation of multiple marginal distributions through copula functions.

More specifically:

- the joint sampling is a risk aggregation method involving the direct calculation of PDF values subject to the occurrence of scenarios with multiple variations of the risk factors in question. This approach allows projection of the Group's MCBS against the set of joint scenarios identified, and subsequent determination of the distribution of the probability of profit and losses aggregated over a time horizon consistent with the holding period of the risk assessment;

- the Var-Covar method is used to aggregate the components of the model adopting the Standard Formula with the components valued using the Internal Model. The main objective is to aggregate the Standard Formula component with the Internal Model component, preserving the PDF-related information;
- when at one point in the PIM aggregation hierarchy two or more empiric distributions meet, these distributions are aggregated using the copula functions. This aggregation method allows the determination of a joint distribution formed by two or more marginal distributions, and to subsequently sample the variable sum distribution.

After determining the PDFs for each risk model (Market PDF, Non-Life PDF, Credit PDF, Life PDF), they are aggregated through:

- determination of a Proxy PDF through scenario-to-scenario association of empiric margins;
- determination of the PDF by means of a Gaussian copula.

This process determines the joint PDF for the four risk modules, considered indispensable in order to adequately capture the Group's risk profile taking into account the dependencies between the various risks.

The loss recorded at the 99.5th percentile of the joint PDF represents the BSCR value of the Group.

The Solvency Capital Requirement is obtained by adding the components relating to Operational risk, the risk relating to Ring Fenced Funds, the components relating to adjustments for loss-absorbing capacity of technical provisions and deferred tax assets and liabilities, the capital requirement of companies not belonging to the insurance group and not regulated, the capital requirement of out of scope undertakings, as well as the model adjustment defined by the Supervisory Authority and the capital requirement of the financial sector to the BSCR.

The reasons for which it is considered that the PIM offers a more suitable representation of the Group's risk profile than the Standard Formula are provided below.

Life underwriting risk

The Internal Model measures Life business underwriting risk more accurately than the Standard Formula, mainly for the following reasons:

- it allows a maximum loss calculation based on scenarios calibrated on the specific portfolio of the Group, through actual analysis of the trend in Life underwriting risk factors. Whilst the Standard Formula adopts a scenario-based approach with scenarios predefined and calibrated on the European market situation, the Internal Model determines the maximum loss to which the Group could be exposed based on changes in the Life underwriting risk factors;
- it uses more granular and specific actuarial scenarios, defined on the basis of the risk characteristics of the Group's policies portfolio. Unlike the Standard Formula, in which scenarios for each Life underwriting risk are unambiguous for all product classes, in the PIM the scenarios that determine the Group's maximum loss are differentiated on the basis of standardised product classes;
- it allows periodic updating of the scenarios relating to each risk factor. In fact, with the PIM, the scenarios that determine the maximum loss are updated quarterly;
- it allows a more suitable valuation of the effects of mitigation deriving from the management strategies of financial portfolios underlying the Life insurance policies;
- it facilitates the use test, guaranteeing consistency with the assumptions and models used in the business valuations.

Market risks

The Internal Model measures the market risks of the Group's financial instruments more accurately than the Standard Formula, mainly for the following reasons:

- it allows more accurate measurement of the market risks, determining the maximum loss on the basis of effective changes in the total portfolio value against a combination of risk factors and not through the parameter-based approaches defined in the Standard Formula;
- it uses more granular and specific risk factors, defined on the basis of the risk characteristics of the financial instruments portfolio currently held by the Group;
- it allows constant calibration updating of the models that generate stochastic financial scenarios relating to risk factors identified on the basis of market developments, whilst these scenarios remain static in the Standard Formula;

- it allows calculation of the spread risk by applying stochastic financial scenarios calibrated on historical data and determination of the effective change in the asset value rather than using the parameter-based method envisaged in the Standard Formula;
- it allows calculation of the property risk on the basis of scenarios calibrated on indices representing the Italian real estate market, rather than indices calibrated on the European-UK markets, given the diversity characterising the different markets;
- it allows benefits of diversification between the market risk factors to be captured, based on historically verified correlations. For example, with reference to equity risk, the Internal Model considers the values of sector indices representing individual shares as risk factors, allowing benefits deriving from a diversified portfolio to be captured;
- from a use test point of view, it allows a risk measurement tool to be used that allows continuous comparison with the operating departments that manage the investment portfolios, using logics shared with the lines of business. It combines the need for strict capital at risk measurement with the need to have an operating decision-making support tool to optimise the risk/return parameters of the portfolio.

The Market risk module of the Group's Internal Model includes the following sub-modules not envisaged by the Standard Formula:

- Equity volatility risk, i.e. the risk of a potential negative change in the value of available capital due to changes in the volatility of the equity instruments;
- Interest rate volatility risk, i.e. the risk of a potential negative change in the value of available capital due to changes in the volatility of the interest rate derivative instruments.

Credit risk

The Internal Model quantifies the maximum loss of all exposures for which specific financial information can be identified or the degree of risk determined based on historical information obtained internally. For such counterparties it is therefore possible to identify the specific risk parameters. Vice versa, the weighted averages envisaged in the Standard Formula do not allow the use of accurate information that distinguishes the counterparties analysed.

The decision to adopt the Internal Model to calculate the capital requirement for credit risk was, in addition to the purpose of accurately capturing the risk profile of exposures, also dictated by the need - for certain types of exposure - to envisage weightings in line with the effective level of risk detected.

The Internal Model provides the results necessary to fully characterise the Group's risk profile. In particular, the model calculates the entire distribution of losses, highlighting any concentration effects. These aspects are also set out on the basis of the business segment (Life, Non-Life) and the types of credit making up the Group's exposure: exposure to banks, insurance companies, co-insurers, reinsurers, insurance intermediaries (agencies and brokers), policyholders and other receivables.

Earthquake risk

The Internal Model measures Non-Life business earthquake risk more accurately than the Standard Formula, mainly because:

- it allows more granular geo-referencing of the Group's risks in a given area and a specific assessment of the risk mitigation effect guaranteed by the policy terms and conditions (deductibles, reimbursement limits, non-coverage). In addition, the modular composition allows separate assessment of the seismic dangers of a given area and the vulnerability of the assets insured, the latter assessed on the basis of construction, property usage, year of construction and building height characteristics;
- facilitate the use test by adopting models more aligned to those used by the business. In particular, the model is used, aside from for the calculation of the earthquake SCR, to support the pricing of Standardised Products and Corporate Risks, as well as valuation of the reliable estimate of losses if a seismic event occurs (post-event analysis);
- to measure the reinsurance purchasing capacity for the catastrophe treaties and to estimate the related cost.

E.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

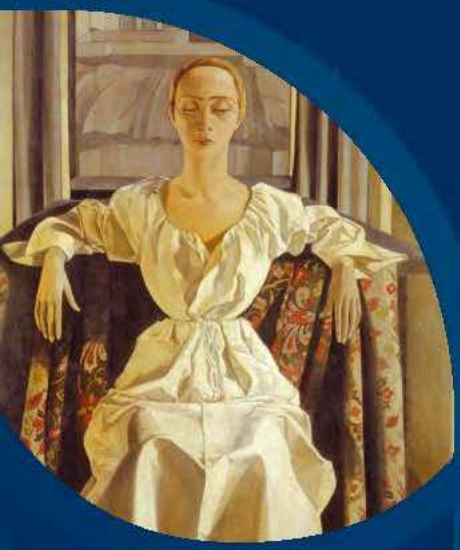
At no time during the year did the Group fail to meet its Solvency Capital Requirement or its Minimum Capital Requirement.

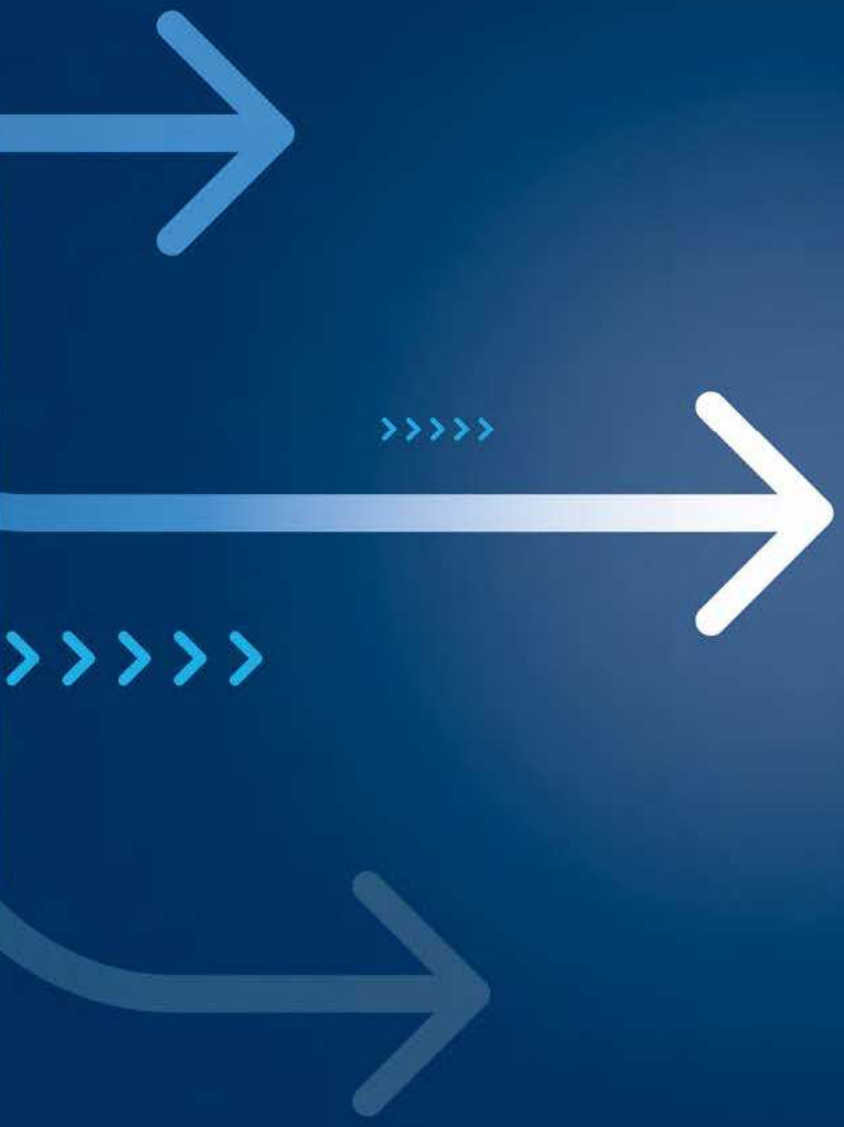
E.6 Any other information

There is no significant additional information to report on the Group's capital management.

Bologna, 28 April 2022

The Board of Directors





QRT MODELS

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Balance sheet

		Solvency II
Assets		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	
Deferred tax assets	R0040	35.038
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	2.468.506
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	60.784.159
Property (other than for own use)	R0080	2.462.570
Holdings in related undertakings, including participations	R0090	2.336.523
Equities	R0100	1.615.628
Equities - listed	R0110	1.438.346
Equities - unlisted	R0120	177.283
Bonds	R0130	50.072.810
Government Bonds	R0140	33.128.779
Corporate Bonds	R0150	16.639.542
Structured notes	R0160	304.129
Collateralised securities	R0170	360
Collective Investments Undertakings	R0180	4.002.000
Derivatives	R0190	133.832
Deposits other than cash equivalents	R0200	160.796
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	8.345.161
Loans and mortgages	R0230	488.974
Loans on policies	R0240	12.137
Loans and mortgages to individuals	R0250	466.914
Other loans and mortgages	R0260	9.924
Reinsurance recoverables from:	R0270	648.277
Non-life and health similar to non-life	R0280	656.804
Non-life excluding health	R0290	609.384
Health similar to non-life	R0300	47.420
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	(8.527)
Health similar to life	R0320	
Life excluding health and index-linked and unit-linked	R0330	(8.527)
Life index-linked and unit-linked	R0340	
Deposits to cedants	R0350	105.799
Insurance and intermediaries receivables	R0360	1.521.895
Reinsurance receivables	R0370	104.788
Receivables (trade, not insurance)	R0380	205.710
Own shares (held directly)	R0390	1.335
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	
Cash and cash equivalents	R0410	1.893.492
Any other assets, not elsewhere shown	R0420	2.753.604
Total assets	R0500	79.356.736

		Solvency II
Liabilities		
Technical provisions – non-life	R0510	12.749.831
Technical provisions – non-life (excluding health)	R0520	11.579.357
Technical provisions calculated as a whole	R0530	
Best Estimate	R0540	11.073.909
Risk margin	R0550	505.448
Technical provisions - health (similar to non-life)	R0560	1.170.474
Technical provisions calculated as a whole	R0570	
Best Estimate	R0580	1.103.866
Risk margin	R0590	66.608
Technical provisions - life (excluding index-linked and unit-linked)	R0600	40.360.394
Technical provisions - health (similar to life)	R0610	
Technical provisions calculated as a whole	R0620	
Best Estimate	R0630	
Risk margin	R0640	
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	40.360.394
Technical provisions calculated as a whole	R0660	
Best Estimate	R0670	39.984.697
Risk margin	R0680	375.696
Technical provisions – index-linked and unit-linked	R0690	8.252.426
Technical provisions calculated as a whole	R0700	
Best Estimate	R0710	8.196.638
Risk margin	R0720	55.788
Other technical provisions	R0730	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	432.336
Pension benefit obligations	R0760	88.275
Deposits from reinsurers	R0770	130.520
Deferred tax liabilities	R0780	746.856
Derivatives	R0790	432.805
Debts owed to credit institutions	R0800	171.631
Financial liabilities other than debts owed to credit institutions	R0810	2.900.562
Insurance & intermediaries payables	R0820	184.223
Reinsurance payables	R0830	85.136
Payables (trade, not insurance)	R0840	290.916
Subordinated liabilities	R0850	2.004.815
Subordinated liabilities not in Basic Own Funds	R0860	
Subordinated liabilities in Basic Own Funds	R0870	2.004.815
Any other liabilities, not elsewhere shown	R0880	1.343.772
Total liabilities	R0900	70.174.498
Excess of assets over liabilities	R1000	9.182.238

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Premiums, claims and expenses by line of business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of Business for: accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written																		
Gross - Direct Business	R0110	789.177	698.184		2.982.368	848.251	147.081	1.282.825	723.005	55.734	91.729	227.095	106.356					7.951.805
Gross - Proportional reinsurance accepted	R0120	(13.348)	23.918		86.610	9.275	5.307	26.196	2.833	93			465					141.351
Gross - Non-proportional reinsurance accepted	R0130													568	70.177	(13)	59.339	130.071
Reinsurers' share	R0140	4.523	37.464		37.648	9.645	93.370	112.686	26.608	30.770	69.967	16	28.494	22	5.889	58	10.683	467.844
Net	R0200	771.307	684.638		3.031.330	847.881	59.019	1.196.336	699.229	25.057	21.761	227.079	78.327	546	64.288	(72)	48.656	7.755.383
Premiums earned																		
Gross - Direct Business	R0210	787.108	691.419		3.116.790	805.744	153.100	1.257.418	712.571	52.816	88.102	221.415	100.105					7.986.589
Gross - Proportional reinsurance accepted	R0220	(13.371)	23.936		73.519	9.189	5.365	26.251	4.535	108			415					129.947
Gross - Non-proportional reinsurance accepted	R0230													577	69.557	(13)	59.171	129.292
Reinsurers' share	R0240	3.266	34.309		39.015	9.611	97.966	110.674	25.954	22.879	68.124	16	30.414	22	5.299	58	10.818	458.425
Net	R0300	770.470	681.046		3.151.294	805.322	60.500	1.172.996	691.152	30.045	19.978	221.399	70.106	555	64.258	(72)	48.353	7.787.404
Claims incurred																		
Gross - Direct Business	R0310	503.799	305.876		1.974.332	480.179	102.793	711.760	296.151	(16.740)	8.982	63.603	24.267					4.455.003
Gross - Proportional reinsurance accepted	R0320	9.271	2.025		62.777	7.458	1.683	24.325	2.335	211			649					110.734
Gross - Non-proportional reinsurance accepted	R0330													299	44.028	86	137.219	181.632
Reinsurers' share	R0340	807	8.791		16.700	7.547	71.084	27.206	6.115	(3.337)	11.022	2	3.284	47	(1.775)		30.192	177.685
Net	R0400	512.264	299.111		2.020.409	480.090	33.391	708.879	292.370	(13.193)	(2.039)	63.601	21.632	252	45.803	86	107.027	4.569.684
Changes in other technical provisions																		
Gross - Direct Business	R0410	67	110			108	24	45	1	(3.162)		(145)	135					(2.816)
Gross - Proportional reinsurance accepted	R0420	(98)	(10)		89			(89)										(108)
Gross - Non-proportional reinsurance accepted	R0430																	
Reinsurers'share	R0440							(12)		12			(3)					(3)
Net	R0500	(31)	100		89	108	24	(32)	1	(3.173)		(145)	138					(2.921)
Expenses incurred	R0550	187.810	297.231		993.584	297.631	29.379	566.803	299.651	3.872	(17.660)	119.939	25.306	77	9.710	1	7.381	2.820.717
Other expenses	R1200																	
Total expenses	R1300																	2.820.717

S.05.01.02

Premiums, claims and expenses by line of business

		Line of Business for: life insurance obligations						**Life reinsurance obligations**		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0300**
Premiums written										
Gross	**R1410**		3.496.749	1.704.606	183.567				295	5.385.217
Reinsurers' share	**R1420**		353		15.558				34	15.945
Net	**R1500**		3.496.395	1.704.606	168.009				261	5.369.271
Premiums earned										
Gross	**R1510**		3.500.109	1.704.606	179.915				294	5.384.923
Reinsurers' share	**R1520**		353		15.558				34	15.945
Net	**R1600**		3.499.755	1.704.606	164.357				260	5.368.978
Claims incurred										
Gross	**R1610**		2.404.605	814.746	60.850				1.169	3.281.370
Reinsurers' share	**R1620**		3.106		6.436				308	9.849
Net	**R1700**		2.401.499	814.746	54.415				861	3.271.521
Changes in other technical provisions										
Gross	**R1710**		(1.728.405)	(1.199.827)	(21.714)				989	(2.948.958)
Reinsurers' share	**R1720**		1.475		(521)				388	1.343
Net	**R1800**		(1.729.880)	(1.199.827)	(21.193)				600	(2.950.300)
Expenses incurred	**R1900**		273.313	70.231	43.035				154	386.734
Other expenses	**R2500**									
Total expenses	**R2600**									386.734

S.22.01.22
Impact of long term guarantees measures and transitionals

		Amount with LTG measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
Technical provisions	R0010	61.362.650			80.271	
Basic own funds	R0020	7.901.632			(45.846)	
Eligible own funds to meet SCR	R0050	9.726.927			(45.846)	
SCR	R0090	4.551.621			7.312	

S.23.01.22
Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector						
Ordinary share capital (gross of own shares)	R0010	3.365.292	3.365.292			
Non-available called but not paid in ordinary share capital at group level	R0020					
Share premium account related to ordinary share capital	R0030	1.250.061	1.250.061			
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Non-available subordinated mutual member accounts at group level	R0060					
Surplus funds	R0070					
Non-available surplus funds at group level	R0080					
Preference shares	R0090					
Non-available preference shares at group level	R0100					
Share premium account related to preference shares	R0110					
Non-available share premium account related to preference shares at group level	R0120					
Reconciliation reserve	R0130	4.205.994	4.205.994			
Subordinated liabilities	R0140	2.004.815		1.458.972	545.843	
Non-available subordinated liabilities at group level	R0150					
An amount equal to the value of net deferred tax assets	R0160	35.038				35.038
The amount equal to the value of net deferred tax assets not available at the group level	R0170					
Other items approved by supervisory authority as basic own funds not specified above	R0180					
Non available own funds related to other own funds items approved by supervisory authority	R0190					
Minority interests (if not reported as part of a specific own fund item)	R0200					
Non-available minority interests at group level	R0210	1.134.273	928.496	148.092	55.405	2.279
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	R0230	1.825.295	1.825.295			
whereof deducted according to art 228 of the Directive 2009/138/EC	R0240					
Deductions for participations where there is non-availability of information (Article 229)	R0250					
Deduction for participations included by using D&A when a combination of methods is used	R0260					
Total of non-available own fund items	R0270	1.134.273	928.496	148.092	55.405	2.279
Total deductions	R0280	2.959.568	2.753.792	148.092	55.405	2.279
Total basic own funds after deductions	R0290	7.901.632	6.067.555	1.310.880	490.438	32.759
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Non available ancillary own funds at group level	R0380					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400					

Own funds of other financial sectors						
Credit institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies	R0410	1.825.295	1.825.295			
Institutions for occupational retirement provision	R0420					
Non regulated entities carrying out financial activities	R0430					
Total own funds of other financial sectors	R0440	1.825.295	1.825.295			
Own funds when using the D&A, exclusively or in combination of method 1						
Own funds aggregated when using the D&A and combination of method	R0450					
Own funds aggregated when using the D&A and a combination of method net of IGT	R0460					
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	R0520	7.901.632	6.067.555	1.310.880	490.438	32.759
Total available own funds to meet the minimum consolidated group SCR	R0530	7.868.873	6.067.555	1.310.880	490.438	
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	R0560	7.901.632	6.067.555	1.310.880	490.438	32.759
Total eligible own funds to meet the minimum consolidated group SCR	R0570	7.720.303	6.067.555	1.310.880	341.868	
Minimum consolidated group SCR	R0610	1.709.342				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	R0650	4,52				
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	R0660	9.726.927	7.892.850	1.310.880	490.438	32.759
Group SCR	R0680	4.551.621				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	R0690	2,14				

		C0060				
Reconciliation reserve						
Excess of assets over liabilities	R0700	9.182.238				
Own shares (included as assets on the balance sheet)	R0710	1.335				
Forseeable dividends, distributions and charges	R0720	322.672				
Other basic own fund items	R0730	4.650.391				
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740					
Other non available own funds	R0750	1.846				
Reconciliation reserve before deduction for participations in other financial sector	R0760	4.205.994				
Expected profits						
Expected profits included in future premiums (EPIFP) - Life business	R0770	626.604				
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	184.435				
Total EPIFP	R0790	811.038				

S.25.02.22

Solvency Capital Requirement - for groups using the standard formula and partial internal model

Unique number of component	Components description	Calculation of the Solvency Capital Requirement	Amount modelled	USP	Simplifications
C0010	C0020	C0030	C0070	C0090	C0120
1	Market risk	2.916.432	2.711.277	None	None
2	Counterparty default risk	327.956	251.462	None	None
3	Life underwriting risk	371.135	239.185	None	None
10	Non-life and Health underwriting risk	2.070.029	284.019	Only for italian entities: Segment 1 Standard deviation for non-life premium risk, Segment 1 Standard deviation for non-life reserve risk, Segment 4 Standard deviation for non-life premium risk, Segment 4 Standard deviation for non-life reserve risk, Segment 5 Standard deviation for non-life premium risk, Segment 5 Standard deviation for non-life reserve risk	None
6	Intangible asset risk			None	None
7	Operational risk	525.509		None	None
8	Loss-absorbing capacity of technical provisions	(709.621)		None	None
9	Loss-absorbing capacity of deferred taxes	(885.217)		None	None
11	Conservative Margin	4.949		None	None
12	Capital Requirement of out of scope undertakings	346.973		None	None

Calculation of Solvency Capital Requirement		C0100
Total undiversified components	R0110	4.968.146
Diversification	R0060	(1.564.306)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	R0200	3.416.434
Capital add-ons already set	R0210	
Solvency capital requirement for undertakings under consolidated method	R0220	4.551.621
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	R0300	(709.621)
Amount/estimate of the overall loss-absorbing capacity ot deferred taxes	R0310	(885.217)
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	4.502.607
Total amount of Notional Solvency Capital Requirement for ring fenced funds	R0420	49.014
Total amount of Notional Solvency Capital Requirement for matchingadjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	
Minimum consolidated group solvency capital requirement	R0470	1.709.342
Information on other entities		
Capital requirement for other financial sectors (Non-insurance capital requirements)	R0500	1.022.766
Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	R0510	1.022.766
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	R0520	
Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non- regulated entities carrying out financial activities	R0530	
Capital requirement for non-controlled participation requirements	R0540	
Capital requirement for residual undertakings	R0550	112.421
Overall SCR		
SCR for undertakings included via D and A	R0560	
Solvency capital requirement	R0570	4.551.621

S.32.01.22
Undertakings in the scope of the group

Country	Identification code of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form
C0010	C0020	C0040	C0050	C0060
ITALY	LEI/8156005CE5E7340CCA86	Unipol Gruppo Spa	Mixed financial holding company as defined in Art. 212§1 [h] of Directive 2009/138/EC	Societa' per azioni
ITALY	LEI/815600616EF8F3E69C82	Unipol Finance Srl	Other	Societa' a responsabilita' limitata
ITALY	LEI/8156000B8C045F2E6397	UnipolSai Finance Spa	Other	Societa' per azioni
ITALY	LEI/81560066ED58493ED764	UniSalute Spa	Non-Life undertakings	Societa' per azioni
ITALY	LEI/81560092D4267A9B8C84	Compagnia Assicuratrice Linear Spa	Non-Life undertakings	Societa' per azioni
ITALY	SC/81560066ED58493ED764IT0U051	Unisalute Servizi Srl	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Societa' a responsabilita' limitata
ITALY	SC/815600E31C4E7006AB54IT0U071	Centri Medici Dyadea Srl	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Societa' a responsabilita' limitata
ITALY	SC/8156000B8C045F2E6397IT0U084	Assicoop Toscana Spa	Other	Societa' per azioni
ITALY	SC/8156000B8C045F2E6397IT0U086	Pegaso Finanziaria Spa	Other	Societa' per azioni
ITALY	LEI/815600E31C4E7006AB54	UnipolSai Assicurazioni Spa	Composite insurer	Societa' per azioni
ITALY	LEI/815600736EECC8421448	Unipol Investment Spa	Other	Societa' per azioni
ITALY	SC/815600E31C4E7006AB54IT0U133	Midi Srl	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Societa' a responsabilita' limitata
ITALY	SC/815600E31C4E7006AB54IT0U210	Fondazione Unipolis	Other	Fondazione
ITALY	LEI/8156007979D979406675	Uci - Ufficio Centrale Italiano	Other	Societa' consortile a responsabilita' limitata
ITALY	SC/8156000B8C045F2E6397IT0U231	SCS Azioninnova Spa	Other	Societa' per azioni
ITALY	LEI/815600DF2A01122A9547	Arca Vita Spa	Life undertakings	Societa' per azioni
ITALY	LEI/815600D523F9906A1566	Arca Assicurazioni Spa	Non-Life undertakings	Societa' per azioni
IRELAND	LEI/635400WSNBUMPRJJTI53	Arca Vita International Dac	Life undertakings	Designated Activity Company
ITALY	SC/815600DF2A01122A9547IT0U503	Arca Direct Assicurazioni Srl	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Societa' a responsabilita' limitata
ITALY	SC/815600DF2A01122A9547IT0U504	Arca Inlinea Scarl	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Societa' consortile a responsabilita' limitata

		Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
Category (mutual/ non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
Non-mutual	Istituto per la Vigilanza sulle Imprese di Assicurazione	100,00%	100,00%	100,00%		Dominant	100,00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		100,00%	100,00%	100,00%		Dominant	100,00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		84,93%	100,00%	100,00%		Dominant	84,93%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual	Istituto per la Vigilanza sulle Imprese di Assicurazione	84,07%	100,00%	98,99%		Dominant	100,00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual	Istituto per la Vigilanza sulle Imprese di Assicurazione	84,93%	100,00%	100,00%		Dominant	100,00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		84,07%	100,00%	100,00%		Dominant	100,00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		84,93%	100,00%	100,00%		Dominant	100,00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		39,72%	39,72%	46,77%		Significant	39,72%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		38,22%	38,22%	45,00%		Significant	38,22%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual	Istituto per la Vigilanza sulle Imprese di Assicurazione	84,93%	100,00%	84,93%		Dominant	100,00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		100,00%	100,00%	100,00%		Dominant	100,00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		84,93%	100,00%	100,00%		Dominant	100,00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		84,93%	84,93%	100,00%		Dominant	84,93%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		32,47%	32,47%	38,24%		Significant	32,47%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		36,39%	36,39%	42,85%		Significant	36,39%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual	Istituto per la Vigilanza sulle Imprese di Assicurazione	53,84%	100,00%	63,39%		Dominant	100,00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual	Istituto per la Vigilanza sulle Imprese di Assicurazione	52,82%	100,00%	98,12%		Dominant	100,00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual	Central Bank of Ireland	53,84%	100,00%	100,00%		Dominant	100,00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		53,84%	100,00%	100,00%		Dominant	100,00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		53,43%	100,00%	100,00%		Dominant	100,00%	Included into scope of group supervision		Method 1: Full consolidation

Country	Identification code of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form
C0010	C0020	C0040	C0050	C0060
ITALY	SC/815600DF2A01122A9547IT0U506	Arca Sistemi Scarl	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Societa' consortile a responsabilita' limitata
ITALY	LEI/8156005E316B69E09270	BIM Vita Spa	Life undertakings	Societa' per azioni
ITALY	LEI/815600E0E11B18BBD212	Incontra Assicurazioni Spa	Non-Life undertakings	Societa' per azioni
ITALY	LEI/815600FD1C2C2E80F866	Siat-Societa' Italiana Assicurazioni e Riassicurazioni – per Azioni	Non-Life undertakings	Societa' per azioni
SERBIA	SC/815600E31C4E7006AB54RS0U610	Ddor Novi Sad	Non-Life undertakings	Akcionarsko drustvo-a.d.o.
SERBIA	SC/635400UQ9HQGZGZ2MH31RS0U611	Ddor Re	Reinsurance undertakings	Akcionarsko drustvo-a.d.o.
IRELAND	LEI/635400UQ9HQGZGZ2MH31	UnipolRe Dac	Reinsurance undertakings	Designated Activity Company
NETHER LANDS	SC/815600E31C4E7006AB54NL0U625	UnipolSai Nederland Bv	Insurance holding company as defined in Art. 212§ [f] of Directive 2009/138/EC	Besloten Vennootschap
LUXEMB OURG	SC/815600E31C4E7006AB54LU0U632	Garibaldi Sca	Other	Societe' en accomandite par actions
LUXEMB OURG	SC/815600E31C4E7006AB54LU0U633	Isola Sca	Other	Societe' en accomandite par actions
LUXEMB OURG	SC/815600E31C4E7006AB54LU0U634	Finsai International Sa	Other	Societe' anonyme
ITALY	SC/815600E31C4E7006AB54IT0U635	Fin.Priv. Srl	Other	Societa' a responsabilita' limitata
ITALY	LEI/815600FB8FC9D781EB88	Unipolsai Investimenti Sgr Spa	Credit institutions, investment firms and financial institutions	Societa' per azioni
ITALY	SC/815600E31C4E7006AB54IT0U641IT0U639	UnipolGlass Srl	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Societa' a responsabilita' limitata
ITALY	LEI/815600374934F0B2A761	UnipolService Spa	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Societa' per azioni
ITALY	SC/815600E31C4E7006AB54IT0U642	Casa di Cura Villa Donatello - Spa	Other	Societa' per azioni
ITALY	SC/815600E31C4E7006AB54IT0U643	Centro Oncologico Fiorentino Casa di Cura Villanova Srl in Liquidazione	Other	Societa' a responsabilita' limitata
ITALY	SC/815600E31C4E7006AB54IT0U642IT0U646	Florence Centro di Chirurgia Ambulatoriale Srl	Other	Societa' a responsabilita' limitata
ITALY	SC/815600E31C4E7006AB54IT0U649	Tenute del Cerro Spa - Societa' Agricola	Other	Societa' per azioni
ITALY	LEI/815600ACFFD4FB173182	UnipolSai Servizi Previdenziali Srl	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Societa' a responsabilita' limitata

		Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
Category (mutual/ non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
Non-mutual		53,66%	100,00%	100,00%		Dominant	100,00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual	Istituto per la Vigilanza sulle Imprese di Assicurazione	42,46%	100,00%	50,00%		Dominant	100,00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual	Istituto per la Vigilanza sulle Imprese di Assicurazione	43,31%	100,00%	51,00%		Dominant	100,00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual	Istituto per la Vigilanza sulle Imprese di Assicurazione	80,42%	100,00%	94,69%		Dominant	100,00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual	National Bank of Serbia	84,93%	100,00%	100,00%		Dominant	100,00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual	National Bank of Serbia	84,93%	100,00%	100,00%		Dominant	100,00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual	Central Bank of Ireland	84,93%	100,00%	100,00%		Dominant	100,00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		84,93%	100,00%	100,00%		Dominant	100,00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		27,18%	27,18%	32,00%		Significant	27,18%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		25,11%	25,11%	29,56%		Significant	25,11%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		84,93%	100,00%	100,00%		Dominant	84,93%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		24,26%	24,26%	28,57%		Significant	24,26%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual	Banca d'Italia	92,61%	100,00%	100,00%		Dominant	92,61%	Included into scope of group supervision		Method 1: Sectoral rules
Non-mutual		59,45%	100,00%	70,00%		Dominant	100,00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		84,93%	100,00%	100,00%		Dominant	100,00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		84,93%	100,00%	100,00%		Dominant	84,93%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		84,93%	100,00%	100,00%		Dominant	84,93%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		84,93%	100,00%	100,00%		Dominant	84,93%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		84,93%	100,00%	100,00%		Dominant	84,93%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		84,93%	100,00%	100,00%		Dominant	100,00%	Included into scope of group supervision		Method 1: Full consolidation

Country	Identification code of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form
C0010	C0020	C0040	C0050	C0060
ITALY	SC/815600E31C4E7006AB54IT0U651	Sogeint Societa' a Responsabilita' Limitata	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Societa' a responsabilita' limitata
SERBIA	SC/815600E31C4E7006AB54CS0U610RS0U653	Ddor Auto - Limited Liability Company	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Drustvo sa ogranicenom odgovornou-d.o.o
ITALY	SC/815600E31C4E7006AB54IT0U656	Funivie del Piccolo San Bernardo Spa	Other	Societa' per azioni
ITALY	LEI/815600E0FCD4D94E9A53	UnipolAssistance Scrl	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Societa' consortile a responsabilita' limitata
SERBIA	SC/815600E31C4E7006AB54CS0U610RS0U661	Ddor Garant	Other	Akcionarsko drustvo-a.d.
ITALY	LEI/8156004869BDC1B75210	Gruppo UNA Spa	Other	Societa' per azioni
ITALY	SC/815600E31C4E7006AB54IT0U688IT0U669	Consorzio Castello	Other	Societa' consortile a responsabilita' limitata
ITALY	SC/815600E31C4E7006AB54IT0U677	Ital H&R Srl	Other	Societa' a responsabilita' limitata
ITALY	SC/815600E31C4E7006AB54IT0U679	Marina di Loano Spa	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Societa' per azioni
ITALY	SC/815600E31C4E7006AB54IT0U685	Meridiano Secondo Srl	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Societa' a responsabilita' limitata
ITALY	SC/815600E31C4E7006AB54IT0U688	Nuove Iniziative Toscane - Societa' a Responsabilita' Limita	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Societa' a responsabilita' limitata
ITALY	SC/815600E31C4E7006AB54IT0U703	Borsetto Srl	Other	Societa' a responsabilita' limitata
ITALY	LEI/81560002724EFB774819	Tikal R.E. Fund	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	OICR
ITALY	LEI/81560077B9B548CABA42	Athens R.E. Fund	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	OICR
ITALY	LEI/815600C82E2986907010	UnipolTech Spa	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Societa' per azioni
ITALY	LEI/81560028CC4BF3E31324	Leithà Srl	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Societa' a responsabilita' limitata
ITALY	SC/81560077B9B548CABA42IT0U719	Golf Club Poggio dei Medici Spa Societa' Dilettantistica Sportiva	Other	Societa' a responsabilita' limitata
ITALY	SC/8156000B8C045F2E6397IT0U722	UniAssiTeam Srl	Other	Societa' a responsabilita' limitata
ITALY	LEI/81560080C81E39927641	Fondo Emporion Immobiliare	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	OICR
ITALY	SC/8156005CE5E7340CCA86IT0U725	UnipolReC Spa	Credit institutions, investment firms and financial institutions	Societa' per azioni

		Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
Category (mutual/ non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
Non-mutual		84,93%	100,00%	100,00%		Dominant	100,00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		84,93%	84,93%	100,00%		Dominant	84,93%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		20,00%	20,00%	23,55%		Significant	20,00%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		84,83%	100,00%	100,00%		Dominant	100,00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		33,97%	33,97%	40,00%		Significant	33,97%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		84,93%	100,00%	100,00%		Dominant	84,93%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		84,56%	100,00%	99,57%		Dominant	84,56%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		84,93%	100,00%	100,00%		Dominant	100,00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		84,93%	100,00%	100,00%		Dominant	100,00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		84,93%	100,00%	100,00%		Dominant	100,00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		84,93%	100,00%	100,00%		Dominant	100,00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		38,16%	38,16%	44,93%		Significant	38,16%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		84,93%	100,00%	100,00%		Dominant	100,00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		76,09%	100,00%	89,59%		Dominant	100,00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		84,93%	100,00%	100,00%		Dominant	100,00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		84,93%	100,00%	100,00%		Dominant	100,00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		30,68%	30,68%	40,32%		Dominant	30,68%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		55,20%	100,00%	65,00%		Dominant	55,20%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		84,93%	100,00%	100,00%		Dominant	100,00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		97,78%	100,00%	100,00%		Dominant	97,78%	Included into scope of group supervision		Method 1: Sectoral rules

Country	Identification code of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form
C0010	C0020	C0040	C0050	C0060
ITALY	LEI/8156008E49FB656B5E36	Fondo Landev	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	OICR
ITALY	LEI/815600D8EB46528C7569	Unipol Rental Spa	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Societa' per azioni
ITALY	LEI/81560007899BA7947774	Immobiliare C.S. Srl	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Societa' a responsabilita' limitata
ITALY	SC/8156005CE5E7340CCA86IT0U734	UnipolPart I Spa	Other	Societa' per azioni
ITALY	SC/815600E31C4E7006AB54IT0U735	Unica Lab Srl	Other	Societa' a responsabilita' limitata
ITALY	LEI/815600B88882F8585A94	Fondo Oikos	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	OICR
ITALY	SC/815600E31C4E7006AB54IT0U737	Cambiomarcia Srl	Other	Societa' a responsabilita' limitata
ITALY	LEI/N747OI7JINV7RUUH6190	BPER Banca Spa	Credit institutions, investment firms and financial institutions	Societa' per azioni
ITALY	SC/8156000B8C045F2E6397IT0U941	Assicoop Bologna Metropolitana Spa	Other	Societa' per azioni
ITALY	SC/815600E31C4E7006AB54IT0U944	Hotel Villaggio Citta' del Mare Spa in Liquidazione	Other	Societa' per azioni
ITALY	SC/8156000B8C045F2E6397IT0U962	Assicoop Modena & Ferrara Spa	Other	Societa' per azioni
ITALY	SC/8156000B8C045F2E6397IT0U963	Assicoop Romagna Futura Srl	Other	Societa' a responsabilita' limitata
ITALY	SC/8156000B8C045F2E6397IT0U964	Assicoop Emilia Nord Srl	Other	Societa' a responsabilita' limitata
ITALY	SC/8156000B8C045F2E6397IT0U981	Promorest Srl	Other	Societa' a responsabilita' limitata
ITALY	SC/815600E31C4E7006AB54IT0U740	MNTTN Spa	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Societa' per azioni
ITALY	LEI/8156008C81E431B3E772	UnipolPay Spa	Credit institutions, investment firms and financial institutions	Societa' per azioni

		Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
Category (mutual/ non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
Non-mutual		84,93%	100,00%	100,00%		Dominant	100,00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		84,93%	100,00%	100,00%		Dominant	100,00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		84,93%	100,00%	100,00%		Dominant	100,00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		100,00%	100,00%	100,00%		Dominant	100,00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		84,93%	100,00%	100,00%		Dominant	84,93%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		84,93%	100,00%	100,00%		Dominant	100,00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		84,93%	100,00%	100,00%		Dominant	84,93%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual	Banca d'Italia	17,51%	18,92%	18,92%		Significant	17,51%	Included into scope of group supervision		Method 1: Sectoral rules
Non-mutual		41,78%	41,78%	49,19%		Significant	41,78%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		41,61%	41,61%	49,00%		Significant	41,61%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		37,16%	37,16%	43,75%		Significant	37,16%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		42,46%	42,46%	50,00%		Significant	42,46%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		42,46%	42,46%	50,00%		Significant	42,46%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		42,39%	42,39%	49,92%		Significant	42,39%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		84,93%	100,00%	100,00%		Dominant	100,00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		84,93%	100,00%	100,00%		Dominant	84,93%	Included into scope of group supervision		Method 1: Sectoral rules


THE

INDEPENDENT AUDITOR'S REPORTS

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Unipol Gruppo S.p.A.

Solvency and Financial Condition Report as at December 31, 2021

Independent auditor's report pursuant to article 47-septies, paragraph 7 of Legislative Decree n. 209, dated 7 September 2005, and article 5, paragraph 1, letters a) and b) of IVASS Regulation n. 42, dated 2 August 2018

EY S.p.A.
Via Meravigli, 12
20123 Milano

Tel: +39 02 722121
Fax: +39 02 722122037
ey.com

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Independent auditor's report pursuant to article 47-septies, paragraph 7 of Legislative Decree n. 209, dated 7 September 2005, and article 5, paragraph 1, letters a) and b) of IVASS Regulation n. 42, dated 2 August 2018

(Translation from the original Italian text)

To the Board of Directors of
Unipol Gruppo S.p.A.

Opinion

We have audited the following elements of the Solvency and Financial Condition Report (the "SFCR") of the Unipol Group as at December 31, 2021, prepared pursuant to article 47-septies of Legislative Decree n. 209, dated 7 September 2005:

- reporting templates "S.02.01.02 Balance sheet" and "S.23.01.22 Own funds" (the "reporting templates");
- sections "D. Valuation for solvency purposes" and "E.1 Own Funds" (the "disclosures").

Our procedures do not extend to:

- the components of technical provisions related to Risk Margin (items R0550, R0590, R0640, R0680 and R0720) of the reporting template "S.02.01.02 Balance sheet";
- the group Solvency capital Requirement (item R0680) and to the Minimum consolidated group capital Requirement (item R0610) of the reporting template "S.23.01.22 Own funds",

consequently, they are excluded from our opinion.
The reporting templates and the disclosures, with the exclusions abovementioned, constitute "the MVBS and OF reporting templates and related disclosures" as a whole.

In our opinion, the MVBS and OF reporting templates and related disclosures included in the SFCR of the Unipol Group as at December 31, 2021 have been prepared, in all material respects, in accordance with the applicable European Union regulations and the national sectoral regulation.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the MVBS and OF reporting templates and related disclosures* section of our report.
We are independent of Unipol Gruppo S.p.A. (the "Parent Company" or the "Company") in accordance with the regulations and standards on ethics and independence of the Code of Ethics for Professional Accountants (IESBA Code) issued by the International Ethics Standards Board for Accountants applicable to the audit of MVBS and OF reporting templates and related disclosures.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

EY S.p.A.
Sede Legale: Via Meravigli, 12 – 20123 Milano
Sede Secondaria: Via Lombardia, 31 – 00187 Roma
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Emphasis of matter – Basis of preparation, purpose and restriction on use

We draw attention to section "D. Valuation for solvency purposes" which describes the basis of preparation. The MVBS and OF reporting templates and related disclosures have been prepared for solvency supervision purposes in accordance with the applicable European Union regulations and the national sectoral regulation, which results in a special purpose framework. As a result, they may not be suitable for other purposes. Our opinion is not modified in respect of this matter.

Other matters

The Company has prepared the consolidated financial statements as at December 31, 2021 in accordance with International Financial Reporting Standards as adopted by the European Union and the Regulation issued to implement article 90 of Legislative Decree n. 209, dated 7 September 2005, governing the criteria for their preparation, on which we issued our independent auditor's report dated April 5, 2022.

The Company has prepared the reporting templates "S.25.02.22 Solvency Capital Requirement — for groups using the standard formula and partial internal model" and the related disclosure presented in section "E.2 Solvency Capital Requirement and Minimum Capital Requirement" included in the SFCR in accordance with the applicable European Union regulations, the national sectoral regulation and the Partial Internal Model of the Unipol Group, which are reviewed by us pursuant to article 5 paragraph 1, letter c) of IVASS Regulation n. 42, dated 2 August 2018, following which we issued today a limited review report attached to the SFCR.

Other Information included in the SFCR

The Directors are responsible for the preparation of the other information included in the SFCR in accordance with the applicable laws and regulations governing the basis of preparation.

The other information included in the SFCR are:

- reporting templates "S.05.01.02 Premiums, claims and expenses by line of business", "S.22.01.22 Impact of long term guarantees measures and transitionals", "S.25.02.22 Solvency Capital Requirement — for groups using the standard formula and partial internal model" and "S.32.01.22 Undertakings in the scope of the group";
- sections "A. Business and Performance", "B. System of governance", "C. Risk profile", "E.2 Solvency Capital Requirement and Minimum Capital Requirement", "E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement", "E.4 Differences between the standard formula and any internal model used", "E.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement" and "E.6 Any other information".

Our opinion on the MVBS and OF reporting templates and related disclosures does not cover the other information.

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In connection with our audit of the MVBS and OF reporting templates and related disclosures, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the MVBS and OF reporting templates and related disclosures or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify possible inconsistencies or material misstatement, we are required to determine if there is a material misstatement in the MVBS and OF reporting templates and related disclosures or in the other information. If, based on the work performed, we conclude that there is a material misstatement, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the MVBS and OF reporting templates and related disclosures

The Directors are responsible for the preparation of the MVBS and OF reporting templates and related disclosures in accordance with the applicable laws and regulations governing the basis of preparation, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of MVBS and OF reporting templates and related disclosures that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the MVBS and OF reporting templates and related disclosures, for the appropriateness of the use of the going concern and for disclosing related matters. The Directors use the going concern basis of accounting in the preparation of MVBS and OF reporting templates and related disclosures unless they either intend to liquidate the Parent Company or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the MVBS and OF reporting templates and related disclosures

Our objectives are to obtain reasonable assurance about whether the MVBS and OF reporting templates and related disclosures as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the MVBS and OF reporting templates and related disclosures.

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As part of an audit in accordance with International Standards on Auditing (ISAs), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the MVBS and OF reporting templates and related disclosures, whether due to fraud or error; have designed and performed audit procedures responsive to those risks and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit of the MVBS and OF reporting templates and related disclosures in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Parent Company to cease to continue as a going concern.

We have communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

Milan, 13th May 2022

EY S.p.A.
Signed by: Paolo Ancona, Auditor

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

Unipol Gruppo S.p.A.

Solvency and financial condition report as at December 31, 2021

Independent auditor's review report pursuant to article 47-septies, paragraph 7 of Legislative Decree n. 209, dated 7 September 2005 and article 5, paragraph 1, letter c) of IVASS Regulation n. 42, dated 2 August 2018

EY S.p.A.
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20123 Milano

Tel: +39 02 722121
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Independent auditor's review report pursuant to article 47-septies, paragraph 7 of Legislative Decree n. 209, dated 7 September 2005 and article 5, paragraph 1, letter c) of IVASS Regulation n. 42, dated 2 August 2018

(Translation from the original Italian text)

To the Board of Directors of
Unipol Gruppo S.p.A.

Introduction

We have reviewed the accompanying reporting template "S.25.02.22 Solvency Capital Requirement – for groups using the standard formula and partial internal model" (the "SCR and MCR reporting template") and the related disclosures presented in section "E.2 Solvency Capital Requirement and Minimum Capital Requirement" (the "disclosures" or the "related disclosures") included in the Solvency and Financial Condition Report (the "SFCR") of the Unipol Group as at December 31, 2021, pursuant to article 47-septies of Legislative Decree n. 209, dated 7 September 2005.
The SCR and MCR reporting template and related disclosures have been prepared by Management in accordance with the applicable European Union regulations, the national sectoral regulation and the Partial Internal Model of the Group, as described in the disclosures included in the SFCR and as approved by IVASS.

Management's Responsibility

Management is responsible for the preparation of the SCR and MCR reporting template and related disclosures in accordance with the applicable European Union regulations, the national sectoral regulation and the Partial Internal Model of the Group, as described in the disclosures included in the SFCR and as approved by IVASS, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of SCR and MCR reporting template and related disclosures that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on SCR and MCR reporting template and related disclosures. We conducted our review in accordance with International Standard on Review Engagements (*ISRE) 2400 (Revised), Engagements to review Historical Financial Statements*. *ISRE 2400 (Revised)* requires us to conclude whether anything has come to our attention that causes us to believe that the SCR and MCR reporting template and related disclosures are not prepared, in all material respects, in accordance with the applicable European Union regulations, the national sectoral regulation and the Partial Internal Model of the Group, as described in the disclosures included in the SFCR and as approved by IVASS. This Standard also requires us to comply with relevant ethical requirements.

The review of SCR and MCR reporting template and related disclosures in accordance with *ISRE 2400 (Revised)* is a limited assurance engagement. The auditor performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.
The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (ISA). Accordingly, we do not express an audit opinion on SCR and MCR reporting template and related disclosures.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that SCR and MCR reporting template and related disclosures included in the SFCR of the Unipol Group as at December 31, 2021, are not prepared, in all material respects, in accordance with the applicable European Union regulations, the national sectoral regulation and the Partial Internal Model of the Group as described in the disclosures included in the SFCR and as approved by IVASS.

Basis of preparation, purpose and restriction on use
Without modifying our conclusion, we draw attention to section "E.2 Solvency Capital Requirement and Minimum Capital Requirement" included in the SFCR, which describes the basis of preparation of SCR and MCR reporting template. The SCR and MCR reporting template and the related disclosures are prepared, for solvency supervision purposes, in accordance with the applicable European Union regulations, the national sectoral regulation and the Partial Internal Model of the Group, as described in the disclosures included in the SFCR and as approved by IVASS, which results in a special purpose framework. As a result, as required by the article 13 of IVASS Regulation n. 42 dated 2 August 2018, the approvals, derogations or other decisions by IVASS, included the structure of the Partial Internal Model, are considered by us as part of the standard framework for our review and the reporting template and related disclosures may not be suitable for any other purposes. In particular, in accordance with articles 46-bis and 46-ter of Legislative Decree n. 209, dated 7 September 2005, the Partial Internal Model briefly described in the disclosures included in the SFCR has been approved by IVASS in the discharge of its supervisory functions and it could differ from internal models approved for other insurance companies.

Milan, 13th May 2022

EY S.p.A.
Signed by: Paolo Ancona, Auditor

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

Unipol Gruppo S.p.A.

Registered Office
Via Stalingrado, 45
40128 Bologna (Italy)
unipol@pec.unipol.it
tel. +39 051 5076111
fax +39 051 5076666

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

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

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40128 Bologna (Italy)