

acità **futuro** trasparenza progresso reattività  
efficienza consapevolezza **fiducia** disponibili  
za dinamicità volontà flessibilità energia unico

# 2011

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## Unipol Gruppo Finanziario **Sustainability Report**

Summary

The full version of the Sustainability Report  
can be viewed and downloaded at [www.unipol.it](http://www.unipol.it)

**Unipol**  
GRUPPO



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# 2011

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## Unipol Gruppo Finanziario **Sustainability Report**

Summary

## Letter from the Chairman

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After the financial and economic crisis that exploded between 2007 and 2008, last year was characterised by events that in many ways were even more serious. The risk of Greece becoming bankrupt and the serious difficulties experienced by other European countries, starting with Italy, highlighted the precarious position of the financial system both in Europe and worldwide. In addition, speculation once again became rife, perpetrated by powerful interests opposed to the changes required to a growth model that had caused enormous damage to the economy and society as a whole. But in particular it exposed the difficulties experienced by institutions, both national and supranational, and by those with political responsibility for them, in drawing up and carrying out the reforms to the mechanisms and rules of international finance that are indispensable in a globalised, multipolar and interdependent world. Meanwhile Italy was forced to face up to the fact that it was time to unravel the knotty problems of ever-increasing debt and low or zero economic growth that had built up over the previous two decades.

There was no long-term vision, no concept of sustainable development, and there still isn't. It is the only way to guarantee greater social equality, i.e. less inequality between individuals, and at the same time the responsible use of natural and environmental resources.

Unipol has played and is playing its part in this. This was illustrated by the positive results the Company obtained in 2011. It is based on awareness of being a business that, because of its origin and how it has developed over the almost fifty years of its existence, is sensitive to and aware of the requirements of the workplace and its role in society. This position is a specific choice of strategic attitude towards the market.

In fact it corresponds to the aim of responding in an innovative and modern way to the demands and needs of employees, businesses (mainly small, medium and cooperatives), families and all individuals for protection from risk, security and recognition. We are undoubtedly helped in this by the positive relationship we have been able to build with the world of work: cooperatives, employee unions and organisations of small and medium enterprises.

Even the decision to return to the original name Unipol, albeit bringing its special features and image up to date, fulfils the objective of combining the values and inspiration that were present at the Company's birth with what we can already think of as the Unipol of the future. Running the business efficiently and effectively today but not losing sight of what will ensure that the company lasts is the precondition for succeeding in guaranteeing security for our customers and certainty and stability for employees, agents and everyone we work with and creating financial value for shareholders and social value for the community as a whole.

This Sustainability Report shows clearly, transparently and comprehensively how the Unipol Group pursued its entrepreneurial mission in 2011, combining it with the commitment to fulfil the expectations of the various stakeholders equitably – even with the market the way it is. As I have said so often, we are keeping our eyes and mind firmly fixed on the future.

**Pierluigi Stefanini**

## Letter from the Chief Executive Officer



The Unipol Group obtained very significant results in 2011. We exceeded several of the business targets laid down for the end of 2012 in our three-year plan whilst remaining in a strong financial position. This had by no means been taken for granted, mainly because it had been an extraordinarily complex and difficult year. Not only has the hoped-for upturn not materialised but Europe has had to tackle the sovereign debt crisis whilst Italy has found itself on the edge of a precipice. And we are still not out of the woods.

However, Unipol proved that it can cope with the situation, mainly by doing its job well.

To start with it provided its customers with certainty by managing the business efficiently, promoting a positive relationship and fruitful collaboration with our stakeholders, starting with employees, agents and everyone we worked with. In this regard it is worth mentioning the two agreements that the Group had signed with the employee unions and agents' representatives.

Today Unipol has a single labour agreement with all its insurance employees, which guarantees uniformity of treatment but at the same time contributes to reinforcing the team spirit and sense of belonging to the company, that are indispensable for improving customer service, both within Italy and abroad.

Thus, having brought the various insurance companies under the umbrella of Unipol Assicurazioni, we pursued the aim of a single labour agreement with the network of agencies. The result is very valuable, and credit for this goes to the agents, who agreed to join us in designing new and more modern ways of managing insurance business in order to keep up with the market in meeting the requirements and demands of individuals, families and businesses for protection and security.

Choices such as these are fully in line with the sustainability strategy that is the cornerstone of our Business Plan: to create economic and social value, in collaboration with and in full recognition of the value of the contribution made by the Group's various stakeholders. We can lay claim to taking the long view of initiatives that allow us to operate with an eye to the future.

Crises, especially when they are as profound and long-lasting as the one we are experiencing, never merely restrict the market but bring major changes with them. Unipol has been and still is able to keep up with the complexity of the changes because it has decided to pursue long-term growth. In fact its propensity for growth rests primarily on a firm equity and financial structure, on a business model that pursues profitability while balancing the interests of its stakeholders, and always specifically taking the long view. That is what we mean by sustainability.

This Report offers the full picture of the work we accomplished during 2011, in accordance with the values and commitment to social responsibility with which this Group looks to the future.

**Carlo Cimbri**

# Identity

The three years 2010 – 2012 represent a period of growth and continued sustainability that has provided Unipol with a new identity. Even the return to the name Unipol as from 1 July 2011 was a clear and immediate indication of the Group's desire to continue to plough the furrow of respectability and reliability that has been a feature of its almost fifty years of history, from 1963 to the present.

This activity, aimed at strengthening the Group's identity, also through the **Charter of Values** and **Code of Ethics**, interwove the financial, environmental and social aspects and underlay a strategy based on profitability rather than volumes, on recognising the value of the target markets, such as that based on the relationship with employee organisations, on improving operational efficiency and on maintaining financial strength.

The commitment to incorporating sustainability into the business, as stipulated in the Business Plan, continued in 2011 along the lines indicated by a few key words, such as *firm financial footing* (paying greater attention to socio-economic aspects and improving risk management when investing), *focusing on individuals and the target market* (adapting the range of products and improving the network), *fairness* (improving employee management, recognising the value of their potential and skills, developing *diversity management* policies, investing resources for fairer and more sustainable growth), *security and legality*

## Mission

To be responsible for improving our customers' quality of life by providing solutions that support and safeguard their projects. To implement an entrepreneurial strategy that is effective, profitable and sustainable and is based on the contribution made by its employees and the value that they add.

## Charter of Values

It is based on the Mission Statement and establishes and defines the five values on which the Group's behaviour is based. These values are:

Accessibility

Looking ahead

Respect

Solidarity

Responsibility

## Code of Ethics

This is the instrument the Group uses to turn the Values identified in its Charter into principles that determine how the company behaves towards its stakeholders. The people to whom the Code is addressed are therefore all those who affect or are affected by the Group's activities, directly or indirectly, that is to say:

Investors

Directors  
Employees  
Agents  
Consultants

Customers

Suppliers

The community

Future generations

(in our business, in the community, for our employees), and *caring for the environment* (reducing consumption, developing sustainable transport, involving suppliers, developing more sustainable products).

Instruments to enable all this to take place were introduced: a system for monitoring the progress of the **Sustainability Plan** involving all the Departments and made up of 160 indicators recorded quarterly. A twice-yearly report was produced and discussed with Senior Executives. The first Sustainability Budget was drawn up for company use as the first stage of the public Budget to be drawn up for 2013. Work was begun on an IT system for managing information on sustainability in a structured way and it will become operational during 2012.

There were also major organisational changes such as the transformation of the Board of Directors' Committee for Corporate Social Responsibility into the Sustainability Committee; the Management Committee's responsibility for sustainability was taken over by the Chief Executive; appointment of an Energy Manager to support the work of monitoring and reducing energy consumption; appointment of an Efficiency Manager to improve overall environmental performance throughout the procurement chain; and identification in each Department/Company of a person responsible for sustainability.

In order to publicise the 2010 Sustainability Report public meetings were held in Sicily, Lombardy, Veneto, Marche, Emilia-Romagna and Calabria covering strategies for growth and strengthening Unipol's institutional presence in the regions concerned. Presentations to the Unipol Regional Councils were extended to include several key regional stakeholders. In addition, in order to encourage reflection and stimulate networking with other companies, Unipol took an active part in relevant associations and networks. In particular Unipol took part in *Impronta Etica* and the Forum for Sustainable Finance.

## Current Group structure

Unipol Gruppo Finanziario S.p.A. is controlled by Finsoe S.p.A., which continues to hold 50.75% of the ordinary share capital (31.40% of the total share capital).

In 2011 Holmo, which was the Parent of the Group through Finsoe, approved a project to rationalise and streamline the chain of control, which led to the creation of 11 new companies controlled by the same number of large cooperatives. These cooperatives have invested in Finsoe direct and control approximately 65% of it, whilst Holmo continues to be owned by some thirty cooperatives that own approximately 25% of Finsoe.

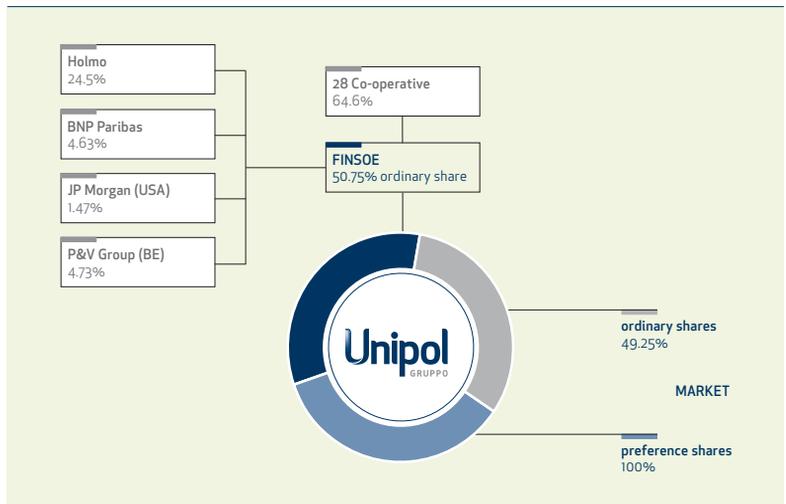
Further work was done during the year on strengthening the Group's **organisational structure**, which centralises in Unipol Gruppo Finanziario S.p.A. responsibility for dealing with strategy and Group monitoring as well as coordinating insurance and banking business, while all the Departments dealing with insurance and the agencies are allocated to Unipol Assicurazioni.

The Meeting of Unipol Gruppo Finanziario S.p.A. Shareholders held on 29 April 2010 appointed the Board of Directors and the Board of Statutory Auditors. The following meeting of the Board of Directors then confirmed Pierluigi Stefanini as Chairman and appointed Piero Collina as Vice Chairman and Carlo Cimbri as the Group Chief Executive Officer and General Manager.

Within the Board of Directors are six Committees that offer advice and make suggestions: the Management Committee, the Appointments and Corporate Governance Committee, the Remuneration Committee, the Internal Control Committee, the Committee for Transactions with Related Parties and the Sustainability Committee/Ethics Committee.

In 2011 the Company amended the By-Laws and the Regulations governing Shareholders'

### Shareholding structure



#### Unipol: capital share

2,114,257,106 ordinary shares

1,302,283,310 preference shares

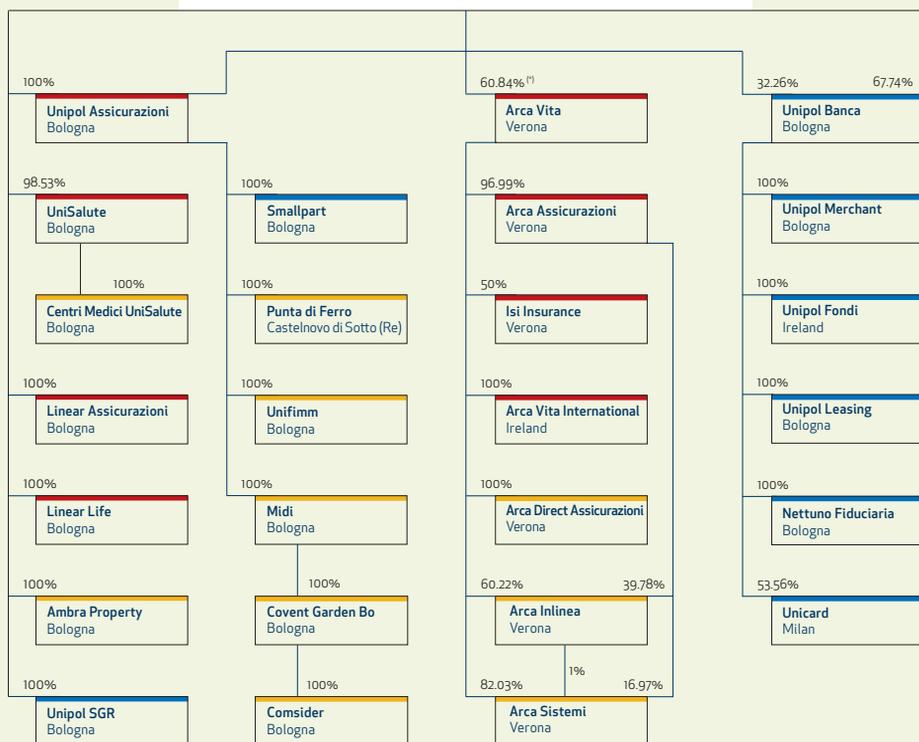
3,416,540,416 total shares

31 December 2011

## Group structure

# Unipol

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(\*) Including treasury shares in the portfolio held by Arca Vita Spa, the percentage is 61.58%

UGF Private Equity SGR in liquidation, a 100% subsidiary of Unipol Banca, was cancelled from the Register of Companies on 3/2/2012

Holding

Insurance companies

Property and others

Financial services and banks

Meetings to comply with Legislative Decree 27/2010, which had been in force since 20 March 2010 (in implementation of the directive 2007/36/EC of 11/7/2007).

The new legislation strengthened the rights of shareholders of listed companies, in particular making it easier for those not living in Italy to participate in the Shareholders' Meeting and exercise their voting rights.

Together with the rebranding all of the companies in the Group, with a return to the original name *Unipol*, which is easily recognisable and better known in the marketplace, other major changes in 2011 related to the incorporation as from 1 January of Navale Assicurazioni into Unipol Assicurazioni; the change of name of Navale Vita S.p.A. to Linear Life, which became the company in the Group specialising in marketing Life assurance online; and the Arca Group taking on the role of the company in the Group specialising in bancassurance, with an important banking sales channel and strong local links.

The Group is divided into three sectors: insurance, to which Unipol Assicurazioni and the specialist companies Linear Assicurazioni, UniSalute and Linear Life belong; bancassurance, in which the Arca Group operates; banking, in which the Unipol Banca Group operates.

In the **insurance sector Unipol Assicurazioni** is the Group's composite insurance company and is the result of a series of mergers and reorganisation that began in 2009 with the merger of Unipol Assicurazioni and Aurora Assicurazioni. The proposed merger of Navale Assicurazioni was finalised on 1 January 2011 and the merger was completed in the first few months of 2012. Unipol Assicurazioni is currently the fourth-largest Non-Life and Life insurer operating in Italy.

**Linear Assicurazioni** was founded in 1996 and is the company in the Group that specialises in direct sales, by telephone and via the Internet, of MV policies and a comprehensive household product (as from 2005). It currently has just under a sixth of the direct MVTPL market.

**UniSalute** was founded in 1995 and provides health care services, which supplement the national health system and come under the heading of managed care.

**Linear Life** is the online company through which since 1 January 2011 Unipol has begun to offer innovative Life solutions that can be personalised to meet individual needs; the company was formerly known as Navale Vita.

The **Arca Group**, which operates in **bancassurance**, was acquired by Unipol in 2010 and gradually integrated into the Group during 2011. The two leading companies, Arca Vita and

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Arca Assicurazioni, operate in Life and Non-Life business and since 2011 have no longer had any agencies of their own but have sold their products exclusively through more than two thousand branches of more than 30 banks, most of which are cooperatives.

The **banking sector** includes Unipol Banca, which is the Parent, Unipol Merchant, Unipol Fondi, Unipol Leasing and Unicard.

**Unipol Banca** is the Parent of the banking sector and specialises in retail and small and medium enterprises and also offers all the traditional banking products such as savings, mortgages and loans.

**Unipol Merchant** is the company in the Group that specialises in corporate business, therefore it provides help almost exclusively for typical merchant and investment banking transactions.

**Unipol Leasing** is wholly owned by Unipol Banca, was acquired in 2007 and provides leasing services to cooperatives.

In order to increase transparency and internal control, in 2009 the Group adopted a **Organisational and Management Model (OMM)** that provided for the setting up of a Supervisory Body made up of three members of the Internal Control Committee, the Legal, Corporate, Investment and Compliance Manager and the Head of Internal Audit. This body is required to report to the Board of Directors and the Board of Statutory Auditors on the progress of the OMM, showing the checking and monitoring work carried out and its outcomes, any loopholes and suggestions for action to be taken as well as the annual schedule of checks for the following year. Suitable training must be provided if the OMM is to be properly implemented.

The Unipol Group's internal control system consists of various bodies and departments at several levels, amongst the most important of which are the **Internal Audit** and the **Risk Management** departments. The former works in Unipol Gruppo Finanziario and the subsidiaries, both insurance and banking, on the basis of specific annual audit plans; the head of department reports to the Chairman and is appointed by the Board of Directors, which determines the duties, powers, responsibilities and reporting procedures of the role. The latter, which reports to the Chief Executive Officer, is responsible for evaluating the combination of the various risks at Group level; it helps Senior Executives to evaluate the Risk Management system and coordinates the work of the various company departments dealing with risk management, in line with the best practices in the market and in accordance with the regulations imposed by the Supervisory Authorities.

## Economic performance

During 2011 the public debt problems of the economically weakest countries in the Eurozone led to a crisis that shook the single European currency to its very foundations. All Europe seemed to be stymied by the proliferation of restrictive fiscal policies aimed at limiting the increase in the weight of public debt on the various economies. In Italy the various measures launched in 2011 brought public finances back under control. Nevertheless Italy's economic situation showed signs of unease, with a substantial reduction in new savings by individuals caused by the drop in disposable income. Despite the recovery in the final quarter performances in European share markets in 2011 as a whole were very negative and all this helped to reduce still further the propensity for risk of individuals and small investors.

Despite this situation, for Unipol a feature of 2011 was good performance in **core insurance business**: the Group obtained positive results in Life business, with a satisfactory result in terms of income, in Non-Life business, where the technical-marginality targets laid down in the Business Plan for 2012 were exceeded well in advance. Positive results were also achieved in banking, where the focus was on retail and small and medium enterprises.

The Consolidated Financial Statements for the year to 31 December 2011 showed a standardised consolidated net profit (i.e. excluding the impairment loss on goodwill) of €226m compared with €71m in 2010. Taking account of Unipol Banca's €201m impairment loss on the goodwill of the bank branches and the consequent writing off of the entire €119m by which the goodwill recorded in the Consolidated Financial Statements exceeded investment in the company, the consolidated result for 2011 fell from €226m to -€94m.

The Group's insurance business closed with a total pre-tax profit of €380m (€208m in 2010), with €120m from Life business (€228m in 2010) and €260m from Non-Life business (loss of €21m in 2010). In particular:

- > in **Non-Life business**, the main point to emphasise was that on 31 December 2011 the combined ratio was 95.5%, better than the 99.6% and 97.5% laid down as targets for 2011 and 2012 respectively in the Business Plan and much better than in previous years. The loss ratio was 73.2% compared with 80% in the previous year, owing to a combination of the portfolio being restructured and the reduction in losses caused by bad weather and natural disasters;
- > in **Life business**, work was continued to incentivise agents based on the profitability of the portfolio and the work of updating the product list, which began in a structural way in

<sup>1</sup> This indicator measures the balance of Non-Life technical business and is the sum of the expense ratio (the ratio between total operating expenses and direct premiums recognised) and the loss ratio (the ratio between the cost of direct claims and direct premiums for the period).

2010, was completed. The network of Life Tutors was also expanded, their marketing and technical support roles were reviewed and the Agency Life Contact project was launched;

- > all the companies continued to rationalise the network of **agencies** in 2011 by restructuring loss-making portfolios and closing secondary sales outlets (subagencies) and agencies. Arca Assicurazioni completed the divestment of its agencies ahead of schedule.

In **banking business**, there was a standardised pre-tax profit (i.e. excluding the impairment loss on goodwill) of €20m (€21m in 2010) and work on developing the bancassurance integrated business model continued and lending was reorganised, with all Unipol Merchant's lending business being transferred to Unipol Banca in order to create a single centre for dealing with and monitoring lending and take advantage of the resultant synergies.

In terms of marketing, the Group focused on the retail segment: individuals and small and medium enterprises, with the focus on the target markets, i.e. employers' organisations, associations for the self-employed and cooperatives. This involved drawing up new national

#### Summary of the Group's most significant figures

	2011	2010	2009
<i>Amounts in €m</i>			
Direct insurance premiums	8,921	8,976	9,501
Direct customer deposits	9,583	9,298	9,540
Net premiums	8,679	8,798	9,420
Net commissions	103	97	79
Net returns on investments*	834	1,138	147
Net charges relating to claims	-7,943	-8,418	-9,173
Net operating expenses	-1,383	-1,364	-1,366
Pre-tax profit (loss)	-267	170	-973
<b>Consolidated profit (loss)</b>	<b>-94</b>	<b>71</b>	<b>-769</b>
<b>Group net result</b>	<b>-108</b>	<b>32</b>	<b>-772</b>
<b>Comprehensive income</b>	<b>-564</b>	<b>-212</b>	<b>218</b>
Investments, cash and cash equivalents	34,167	34,654	40,531
Technical provisions and financial liabilities	34,868	34,899	40,485
<b>Equity attributable to the owners of the Parent</b>	<b>3,078</b>	<b>3,648</b>	<b>3,585</b>

Source: 2010 Consolidated Financial Statements

\* Excluding assets/liabilities at fair value.

agreements, which come into effect in 2012.

The Unipol Group also set itself the task of improving **operational efficiency** by simplifying the organisational structure but also by adapting the IT system, with the focus on providing an efficient service to all our customers. A Customer Relationship Management system was therefore set up and an attempt was made to make use of the efficiency and flexibility offered by the website.

**Financial strength** is the Group's priority in relations with shareholders and a prerequisite for sustaining business growth and meeting capital requirements. With these two aspects in mind, exposure to equity instruments was reduced and the cash flow from coupons and dividends increased in respect of income from sales.

**Net total added value** was €1,294m in 2011, down compared with the previous year for two main reasons: extraordinary impairment losses in the Group's banking business and the departure from the Group of Bnl Vita. This led to a reduction in the added value generated and made comparison with the previous year very difficult.

The amount of added value **distributed** to the community increased in both absolute and percentage terms in 2011, a continuation of the trend of the previous few years. However, stakeholders directly affected by the year's negative financial performance were penalised, for instance the Public Administration, where the negative value was represented by taxes that were not paid by companies that made a loss. The same applied to amounts retained by

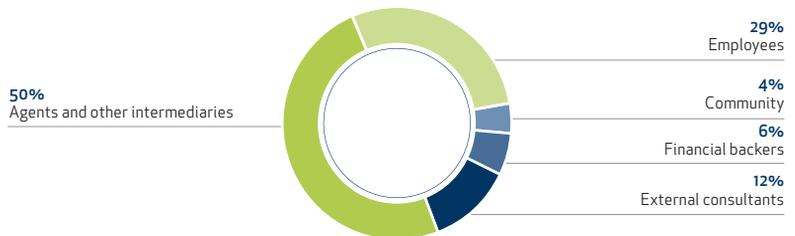
<b>Distribution of added value</b>		<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>var.% 2011/2010</b>
<i>Amounts in €m</i>					
	Employees	494.8	496.7	446.9	-0.4
	Agents and other intermediaries	872.8	780.9	744.4	11.8
	External consultants	201.0	203.5	200.6	-1.2
	Public Administration and Supervisory Authorities	-343.8	147.3	128.3	-333.5
	Financial backers	101.7	95.8	62.4	6.2
	Shareholders and members	0.0	0.1	100.5	-100.0
	Retained by the Company	-93.9	71.0	-869.1	-232.2
	Community	61.4	57.3	55.8	7.1
	<b>Consolidated net added value</b>	<b>1,294.0</b>	<b>1,852.6</b>	<b>869.7</b>	<b>-30.2</b>

Source: Administration and Operations Department

the company, which as a result of the consolidated loss did not benefit from the distribution of added value, and to shareholders, who likewise received no dividends.

The highest percentage (50%) was distributed to agents and other intermediaries, who are a strong link in the chain of value production connecting the company and the customer. The absolute figure was by and large the same as in previous years, being in proportion to income, but there were significant variations in the individual figures. The same applied to external consultants.

#### % Distribution of added value in 2010 \*



\* Only the categories of stakeholder to whom added value was actually distributed were taken into account when the percentage was calculated.

Source: Administration and Operations Department

# Social performance

## Shareholders

On 31 December 2011 Unipol Gruppo Finanziario's share capital consisted of 3,416,540,416 registered shares, 2,114,257,106 of which were ordinary shares, 50.75% of them held by Finsoe S.p.A. and 49.25% by the market, and 1,302,283,310 preference shares.

The gradual deterioration in the macroeconomic situation and the real economy combined with the problems of the excessive indebtedness of several European states, including Italy, caused a significant drop in the share markets, which also affected Italian insurance companies.

The official price of the Unipol ordinary share was €0.25 on 31 December and that of the Unipol preference share was €0.17, a fall in value of more than 45%, which reduced the market value to €750m.

**Investor Relations** continued to provide the market with adequate and timely information about the Company's financial affairs in 2011, the aim being to improve the Group's visibility and attractiveness to investors, ensuring that information was properly disclosed and making it easier to put the correct value on the financial instruments in circulation. There was constant dialogue with the financial community during the year, some of it through roadshows (8, 3 of them in Italy and 5 abroad), meetings with investors and analysts (52 in total, involving 77 companies and 88 individuals) and three public meetings.

The value of shareholders' investments was also increased by means of a prudent **financial management** policy: the targets for 2011 focused on maintaining the high quality of the portfolio in terms of financial strength and issuer diversity. Investments were concentrated in the bond sector, the main focus being on the government component.

### Official prices at the end of the year\*

	2011	2010	2009
Amounts in €			
Unipol ordinary	0.250	0.462	0.959
Unipol preference	0.170	0.359	0.621

Source: Datastream

\*Prices adjusted by Datastream in accordance with Borsa Italiana coefficients

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Medium- to long-term investment was mainly in Italian government bonds. The non-government component of the portfolios was concentrated on securities of leading financial issuers, most of them denominated in euro. Almost all the shares in the portfolio were European securities in the Eurostoxx 50 index.

At the same time various investments were made in businesses that supported projects, both Italian and international, that reconciled profitability and risk management in the areas of social and environmental sustainability. As for **ethical investments**, Unipol Assicurazioni's range of pension products included some specifically dedicated to socially responsible investment. This was the 'Etica' balanced subfund, one of the five subfunds in the Unipol Insieme open-ended pension fund, which is managed by Unipol Assicurazioni.

## Employees

The companies in the Group had 7,585 employees on 31 December 2011, 5,195 in insurance business and 2,390 in banking. The number of jobs in both areas of the Group's work continued to increase, in contrast to the trend in the labour market in general and banking/insurance in particular.

Despite the difficult macroeconomic situation the Group continued to offer significant job opportunities during 2011, particularly to young people.

Therefore the **Vivaio project** continued: 26 courses were run during 2011, bringing to 75 the number of young people who had completed the course since the project was launched in 2008. Of these 39 were women and 36 men.

In addition, relations with the University of Bologna were developed and consolidated, the aim being to construct a stable partnership in order, for instance, to set up high-level training courses and research projects and obtain a source of new recruits to work in the Group. At the same time agreements were also reached with 14 other Italian universities.

The **turnover** figures for 2011 showed that the number of employees taken on in the last three years continued to rise and that the Group was committed to investing in new jobs. In fact, the Group received and looked at more than 57,740 CVs during 2011: 6,808 interviews were held, some for operational and some for selection purposes, and followed up by 958

Employees by company	2011				Total	2010	2009
	Men	% share	Women	% share		Total	Total
Unipol Gruppo Finanziario	148	51	140	49	288	280	417
Unipol Assicurazioni	1,690	46	1,989	54	3,679	3,544	3,357
Linear	109	25	324	75	433	386	375
Linear Life	1	33	2	67	3	-	-
UniSalute	116	25	348	75	464	419	393
Navale + Navale Vita	-	-	-	-	-	93	132
Fondazione Unipolis	-	-	4	100	4	4	4
Arca Assicurazioni*	39	27	106	73	145	136	
Arca Vita**	44	45	53	55	97	80	
Arca Inlinea	3	6	50	94	53	48	
Arca Sistemi	21	88	3	13	24	25	
ISI Insurance	2	40	3	60	5	5	
<b>Total insurance business</b>	<b>2,173</b>	<b>42</b>	<b>3,022</b>	<b>58</b>	<b>5,195</b>	<b>5,020</b>	<b>4,674</b>
Unipol Banca	1,418	61	901	39	2,319	2,287	2,273
UnipolMerchant	28	57	21	43	49	52	52
Unipol Leasing	7	58	5	42	12	15	12
Nettuno Fiduciaria	1	100	-	0	1	1	1
Unicard	6	67	3	33	9	10	10
<b>Total banking business***</b>	<b>1,460</b>	<b>61</b>	<b>930</b>	<b>39</b>	<b>2,390</b>	<b>2,365</b>	<b>2,348</b>
<b>Group total****</b>	<b>3,633</b>	<b>48</b>	<b>3,952</b>	<b>52</b>	<b>7,585</b>	<b>7,385</b>	<b>7,022</b>

Source: Human Resources and Organisation Department

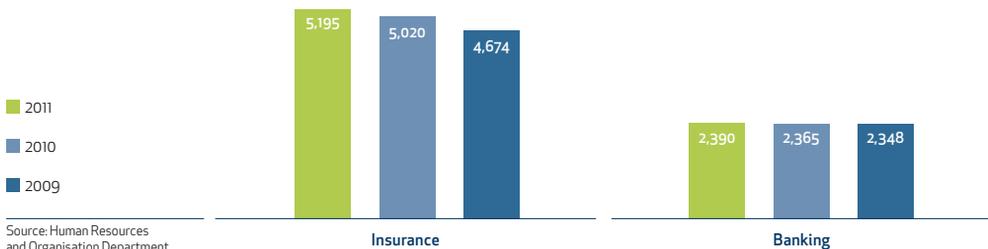
\* Arca Assicurazioni, Arca Vita, Arca Vita International, Arca Inlinea, Arca Direct, Arca Sistemi and ISI Insurance joined the Group on 22 June 2010 when UGF acquired direct control of Arca Vita and therefore indirect control of the other companies in the Arca Group.

\*\* The figures also include Arca Vita International.

\*\*\* Banking business also included Unipol SGR and Unipol Private Equity SGR, which are not shown in the table.

\*\*\*\* The figures for 2010 and 2009 previously published have been amended to make it possible to compare them on a like-for-like basis with those for 2011. The figures quoted in the Sustainability Report do not include the employees of Ambra Property nor those of the Centri Medici Unisalute (medical centres).

## Staffing trends



Source: Human Resources and Organisation Department

assessments. Placements organised during 2011 led to 50 young people being taken on, which illustrated the Group's commitment to investing in the younger generation.

**Training** carried out in 2011 showed the Group's continuing commitment to investing in human as well as financial resources in order to enhance professional development in both insurance and banking business.

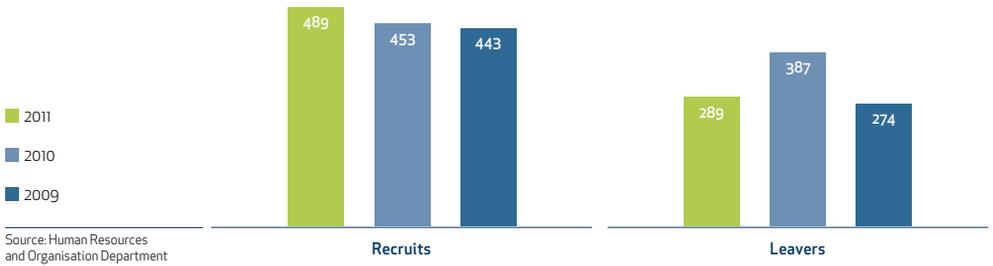
Training for Group employees involved a total of 28,506 participant days, or 207,322 hours, with an average of approximately 21 hours of training provided for each employee and an average level of employee satisfaction of 85%. Employees also benefited during the year from the launch of the new 'Unipol Web-Based Academy' e-learning package, which made it easier to run distance-learning courses.

The Group deemed effective **internal communication** to be a priority, in line with its principles of transparency and participation. Therefore it also continued to invest in tools to make communication and participation easier in order to promote the ethos of belonging to

Mobility within the group	2011	2010	2009
Insurance	807	731	256
Banking	676	502	456
Mobility within the Group	55	262	98
<b>Total</b>	<b>1,538</b>	<b>1,495</b>	<b>810</b>

Source: Human Resources and Organisation Department

## Turnover



Source: Human Resources and Organisation Department

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the Group and increase the efficiency of the entire organisation. From that point of view the Group's intranet, Mosaico, and new multimedia space, Unit, continued to be important tools and much appreciated by employees and the network of agencies.

Another feature of 2011 was that Unipol set up and took part in numerous initiatives aimed at Group employees. **Interest** in the business results, especially those for the organisational area to which employees belonged, was fostered by means of specific regular meetings. Informal meetings were also organised at some levels to encourage employees to become involved and to provide them with the opportunity to discuss the business, the market, future scenarios and daily activities

After almost two years of negotiations, on 8 October 2011 the Unipol Group and the Unions entered into the new single **Unipol Labour Agreement** for the Group's insurance companies. It is the first example in Italy of an effective and comprehensive labour agreement covering insurance businesses of different origin.

In line with the regulations introduced by Banca d'Italia and ISVAP during 2011, Unipol continued with the employee **incentivisation schemes** the Group had been using for some time. These had proved to be the most effective way of guaranteeing the fair allocation of variable remuneration, based on measurable targets linked to medium- to long-term indicators that took account of the Company's risk profiles and its financial strength. More than 7,000 bonus payments were made in the three-year period 2009-2011. Bonuses based on specific targets were awarded to some 3,900 managerial and non-managerial staff throughout the Group (3,774 of them non-managerial). Approximately 1,200 of the employees involved were rewarded on the basis of the results for 2010.

The employees of the companies in the Group, whether in managerial positions or not, can belong to a **Pension Fund** and/or a **Welfare Fund**. As at 31 December 2011 the number of members of the Pension Funds reached 7,007, of which 4,653 insurance employees, with approximately €36m having been paid in contributions, whilst the Welfare Funds had 7,471 members, of which 5,016 insurance employees, and contributions totalled approximately €9.03m.

The sustainability objectives laid down in **personnel management** policies focused on integrity management, i.e. ways of recognising the value of individuals. Group initiatives, supported by the Corporate Equal Opportunities Committee, included opening the 'Filonido' intercompany kindergarten in Bologna and launching a training course relating to the

project 'Focusing on gender differences as an opportunity to develop the organisation and increase wellbeing.'

In addition, the number of women employed at all levels, especially at senior executive level, rose (12% of senior executives being women in 2011 compared with 9.8% in 2010). Likewise the number of part-time employees rose (1,238 in 2011 compared with 1,196 in 2010 and 1,134 in 2009).

In order to ensure the health and safety of employees, in addition to routine work such as monitoring the working environment and arranging health checks, risk assessment was extended to the phenomenon of **work-related stress** and a **certified model for dealing with safety**, along the lines indicated in the three-year Business Plan, was drawn up, thus exceeding the legal requirements. Linked to the specific initiatives to safeguard the health of employees were prevention campaigns, which made full use of the infrastructure (sick rooms at work, approved centres and network of services provided by UniSalute) to reach all employees in the head offices and local offices. Over the three years 2009 – 2011 the number of participants rose from 1,620 to 2,586.

These initiatives became part of Group policies and thus part of the Unipol Labour Agreement signed in October by the Group and the Unions.

For some time Unipol had, in line with its sustainability policies, promoted **sustainable transport** by encouraging the use of group transport rather than private vehicles and of vehicles with a low environmental impact. The Group renewed agreements with the

#### Health protection initiatives

	Bologna	Milan	Padua	Rome	Naples	Other regional offices	2011 Total	2010 Total	2009 Total
Flu jabs	318	162	30	44	23	138	715	572	1,255
Metabolic syndrome	-	-	-	-	-	-	-	1,346	-
Blood donation	137	69	-	22	-	-	228	209	182
Help to give up smoking	-	-	-	-	-	-	-	53	50
Melanoma	769	523	96	135	82	38	1,643	-	1,869
Cervical smears	-	89	-	-	-	-	89	98	90
Cardiovascular prevention + ECG	-	192	-	-	-	-	192	91	43
<b>Total</b>	<b>1,224</b>	<b>1,035</b>	<b>126</b>	<b>201</b>	<b>105</b>	<b>176</b>	<b>2,867</b>	<b>2,369</b>	<b>3,489</b>

Source: Human Resources and Organisation Department

local urban transport companies and with the Emilia-Romagna railways for the offices in both Bologna and San Donato Milanese and made a contribution towards the cost.

In addition, during 2011 Unipol paid constant attention to minimising travel between offices and the consequent benefits of an improvement in the quality of work and reduced environmental impact by installing new videoconferencing technology at all headoffices.

## Customers

The 2010-2012 Business Plan continues to focus on the customer, individual, family and undertaking as the fundamental drivers around which to design a range of products increasingly able to meet their requirements, both traditional and new.

The strategy in 2011 was therefore to update products and introduce new ones that focused on demand rather than supply.

There was a 5% increase in the number of customers of the companies in the Unipol Group in 2011. More than 9.3 million of these were **'individual' customers** of the Group, i.e. 16% of the population of Italy.

The greatest increase was in insurance business, which had 5.3 million customers thanks to a considerable increase in Linear Assicurazioni and UniSalute, the latter 14%, and to the addition to the portfolio of several new large businesses.

To be specific, **Unipol Assicurazioni** had 4,873,000 customers, who showed average levels of loyalty: more than a third had been with the company for more than ten years, 37% had two or three policies and the number of customers with three or more policies increased. 65% were between 35 and 64 years old and 64% were men.

In banking business the number of customers of **Unipol Banca**, most of whom were individuals, continued to increase; the analysis of customers was completed in 2011, the aim of it being to understand our customers and their requirements better in order to be able to be proactive in offering them the most suitable products and services.

Cross-selling, i.e. linking the range of insurance products with banking products, continued to be effective and as a result the number of current accounts originating from the insurance channel exceeded 30% of the total.

The relationship between the Group and the world of **businesses** was divided along two main lines: on the one hand relations with the partner organisations, i.e. business associations (CNA – National Confederation of Craftsmen, Confesercenti – commerce and tourism, CIA – farmers) and cooperatives (Legacoop), and on the other hand attention to the specific requirements of SMEs. One of the aims for 2011 was to strengthen relations with the partner organisations, especially with cooperatives. This was achieved by participating in the Unipol Regional Councils, the role of which was to develop local relations, and by entering into new Agreements. One example was the **CoopCiConto** project, which since 1 June 2011 had provided members of Coop Adriatica with expert staff and consultants offering four types of service in five stores of the cooperative (Bologna-Lame, Bologna-

<b>Number of customers (individuals) by region and company</b>	Unipol* Assicurazioni	Linear	UniSalute**	Unipol Banca	<b>Total</b>	Population	% Customers Population
Piedmont	267,472	29,142	215,561	10,632	522,807	4,214,677	12.4
Valle d'Aosta	9,229	292	5,314	914	15,749	119,548	13.2
Liguria	104,685	10,140	86,402	12,291	213,518	1,571,783	13.6
Lombardy	650,971	53,035	604,716	33,955	1,342,677	9,032,554	15
Trentino Alto Adige	55,955	1,400	35,830	819	94,004	940,016	10.0
Veneto	311,441	44,788	221,754	11,694	589,677	4,527,694	13.0
Friuli Venezia Giulia	76,350	11,819	49,941	2,658	140,768	1,183,764	11.9
Emilia-Romagna	634,137	97,054	526,392	81,326	1,338,909	3,983,346	33.6
Tuscany	360,625	58,773	282,967	40,051	742,416	3,497,806	21.2
Marche	147,864	11,964	79,489	8,674	247,991	1,470,581	16.9
Umbria	82,834	2,377	49,135	9,007	143,353	825,826	17.4
Lazio	467,982	45,032	357,838	60,789	931,641	5,112,413	18.2
Abruzzo	82,911	4,535	43,214	3,773	134,433	1,262,392	10.6
Molise	16,214	263	6,993	-	23,470	320,601	7.3
Campania	316,847	10,438	105,667	19,279	452,231	5,701,931	7.9
Apulia	229,456	11,913	98,928	10,982	351,279	4,020,707	8.7
Basilicata	38,946	1,020	15,513	752	56,231	597,768	9.4
Calabria	141,480	2,809	46,357	-	190,646	2,011,466	9.5
Sicily	301,268	26,712	108,525	46,935	483,440	4,968,991	9.7
Sardinia	100,952	2,667	53,766	19,075	176,460	1,631,880	10.8
Not classified geographically			1,155,598		<b>1,155,598</b>		
<b>Total</b>	<b>4,397,619</b>	<b>426,173</b>	<b>4,149,900</b>	<b>373,606</b>	<b>9,347,298</b>	<b>56,995,744</b>	<b>16%</b>

\* The number of Unipol customers does not include Life group policies.

\*\* The figure relates to the number of people covered.

Source: 2001 ISTAT census, inhabitants by region

Centro Nova, Imola, Ravenna and Rimini), especially car insurance, accident insurance, current accounts and mortgage loans.

The Agreements formed a specific marketing model, which hinged upon the combination of the various products that the members of the organisations said they needed. The diverse nature of their requirements had always provided the Company with scope for growth, as shown by the continuous rise in premiums (+18% in 2011).

Innovation in **insurance business** focused on ironing out the differences between the products offered by the networks of the various divisions, with the range of products sold through the Unipol network being 'unified' and the procedures for issuing contracts being rationalised.

In Life business an attempt was made to focus increasingly on insurance rather than investment products, the aim being to provide the customer with a guaranteed capital sum and yield. Insurance products currently accounted for 41% of all Life products. **Life Tutors** were introduced for the same purpose – specialists helping Agencies to provide the customer with better advice about Life products. **Linear Life**, the company in the Group that specialises in selling Life policies direct online, founded in 2011, adopted the same strategy for protecting customers' assets with products such as Se6Protettivo and Se6Previdente, which, inter alia, kept charges down by levying neither investment nor withdrawal charges.

When it came to Motor Vehicles products the Group made the best use of new technology to promote sustainability, protect the driver and treat customers fairly. For example, by adopting UNIBOX technology (based on the 'black box' principle) Unipol Assicurazioni was able to introduce the new tariff per kilometre (pay as you go) for its **Km Sicuri** (Safe Miles) policy and reduce tariffs in general.

In **banking business** too the focus was on funds-under-custody products, which are straightforward, easy to understand, mainly short/medium-term and often zero-risk. In order to protect its private customers most in difficulty Unipol Banca also signed up to the Italian Banking Association's Families' Scheme, which provided for loan repayments to be suspended. It received 235 applications, accounting for €23,827,000 of outstanding capital.

In corporate business, in order to fulfil the liquidity requirements of small and medium enterprises resulting from a year of substantial financial difficulties, Unipol Banca signed up to the moratorium on loan repayments and issued the Business-Credit Protection

product (CPI Business Credit), designed in collaboration with Unipol Assicurazioni to protect the business continuity of small and medium enterprises from unexpected events that could undermine their financial stability. The Bank received 119 requests for a moratorium on loan repayments, accounting for €64,275,000, 92 of which were allowed; there were 18 requests for extensions, accounting for €1,205,000, all of which were allowed.

In order to guarantee operational transparency and sustainability, computer terminals were installed in all Unipol Banca's branches and Business Centres from which customers could obtain product information. This avoided the need to print new forms every time they were amended, increased transparency and meant that customers were informed of changes more quickly. Support for the production of renewable energy continued, with 107 PV systems installed for businesses and €18,288,000 provided in grants, 61 of them, accounting for €8,853,000, to agricultural businesses.

Unipol Gruppo Finanziario, via Unipol Assicurazioni, continued to top the national ranking in **occupational pension funds** in both number of mandates managed (24) and amount of funds managed – €2,689.9m on 31 December 2011, €1,557.1m of it with guaranteed capital sum. Unipol Assicurazioni also managed 33 **preexisting funds** (i.e. set up before Legislative Decree 124/1993 was issued) totalling €2,076.6m. In **open-ended pension funds**, assets under management amounted to €271.1m.

**Personal pension plans** had 15,790 members and total funds of €77.3m.

The Company was able to maximise the level of its **customer service** thanks to the number and diversity of its range of products, backed up by its integrated multi-channel network. To be specific, as well as using the internet and telephone the Group had insurance agencies and bank branches throughout the country and a distinguishing feature of this presence was the synergy between the two networks, which strengthened the companies' specific nature.

The **network of agencies**, which consisted of a total of 1,793 private agencies with 4,325 branches and eight company agencies, consisted of 'third-party' structures.

On the other hand the **banking network** consisted of 'proprietary' structures: 300 branches in Italy, covering 18 regions. In addition there were 28 finance shops, the aim of which was to increase the Company's presence throughout the country by offering even more comprehensive lending services, whilst 1,506 insurance agencies were authorised to sell banking products.

Unipol's presence throughout Italy



- 6,118 Insurance agencies and sub-agencies
- 328 Bank branches and finance shops
- 2,180 Bancassurance approved branches

Source: Sales and Management Control Departments

In **bancassurance** Arca Vita and Arca Assicurazioni disposed of their network of agencies, retaining only the mandate with the head office agency in order to concentrate on selling through bank branches.

In order to make full use of the synergies between banking and insurance business, which translated into a concrete advantage for customers by enabling them to find solutions to all their banking and insurance requirements in one place, in Unipol's distribution model the banking network was fully integrated with the insurance network. 178 branches of Unipol Banca were combined with Unipol insurance agencies (4 of which came under the head office) whilst 106 branches were located very close to insurance agencies.

The insurance agencies also have **financial advisers** working in them (239 in 2011).

The 2010-2012 Business Plan imposes two main commitments on insurance business: keeping the cost of claims and the related costs down and improving levels of customer service. In line with these objectives and the trend of the previous two years, the total number of claims reported fell in 2011 (-14%) and the **settlement rate** rose (an average of +5.8 points in all classes and +2.9 points in Motor Vehicles Third-Party-Liability). The companies in the Group dealt with a total of 1,481,536 claims, excluding those of Arca Assicurazioni, compared with 1,695,931 in 2010. Arca Assicurazioni dealt with 101,220 claims for the current year, 59,196 of which were reported. 36,401 claims were settled in 2011 for the current year and 19,961 for previous years.

The good performance in claims-handling was also the result of Unipol's decision to enter into local agreements, thus giving rise to a reliable approved network: 828 loss adjusters, 349 forensic doctors, 623 registered legal professionals and 2,890 approved vehicle repairers.

**Anti-fraud measures** were fundamental to protecting the mutual nature of insurance, reducing the burden on the majority of policyholders of the dishonesty of the minority. Therefore in 2011 Unipol strengthened its commitment to tackle fraud and other criminal behaviour by making use of the centralised claims-handling offices and local claims-handling centres that augmented the information provided by the agencies, the Authorities and ANIA.

The figures for 2011 continued to rise, as they had done in the previous three years. To be specific, insurance business recorded an increase of 34.58% compared with 2010.

Finally, 2011 was positive from the point of view of dealing with complaints. In fact the total number of written complaints received by all the companies in the Group fell by more than 3,000. This decrease was affected by the net drop in complaints received by Unipol Assicurazioni. This helped the customer to obtain a level of satisfaction that in the case of both Unipol Assicurazioni and Linear was higher than the national average.

Comparison with the previous year showed that action taken by ISVAP and penalties had continued to decline: there was a considerable decrease in the number of times the Supervisory Authority had taken action against Unipol Assicurazioni. On the other hand there were slight increases for Linear Assicurazioni and UniSalute, whilst the 369 times action had been taken against Arca were not comparable with previous years. Looking at the merits of the case, most of the penalties relating to insurance business were due to delays in offering to settle claims or failure to settle them within the legal deadlines; however penalties for lack of or late delivery of certificates of risk were of less financial importance.

#### Claims settlement figures

	2011		2010	2009
	Arca	Group*	Group*	Group*
<b>Current year's claims</b>				
Claims reported	59,196	955,464	1,106,849	1,201,668
<i>variation on previous year</i>	-	-14%	-7.90%	0.10%
Claims settled	36,401	694,369	745,258	782,534
<i>variation on previous year</i>	-	-6.8%	-4.80%	4.50%
Settlement rate	67.90%	78.80%	73.00%	70.30%
<i>variation on previous year (p.p.)</i>	-	5.8	2.70	0.80
<b>Previous years' claims</b>				
Claims outstanding at the beginning of the year and those reopened	39,053	526,072	589,082	553,916
<i>variation on previous year</i>	-	-10.7%	6.30%	8.00%
Claims settled	19,961	299,277	328,446	274,809
<i>variation on previous year</i>	-	-8.9%	19.50%	3.50%
Settlement rate	56.10%	66.60%	66.10%	62.40%
<i>variation on previous year (p.p.)</i>	-	0.5	3.70	-1.50

Source: Claims-Handling Control-Claims Department; for Arca: Technical and Actuarial Analyses

\* The companies in the Group are Unipol Assicurazioni (which after January 2011 included Navale Assicurazioni) and Linear

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## Agents and agencies

The Unipol Group's agencies are the link and the local presence that provide direct contact with individual and business customers, whose requirements and demands they fulfil by offering appropriate solutions.

With the aim of strengthening the relationship on which the partnership between the Company and the sales network was based, Unipol continued to operate in accordance with the Agency Model, as laid down in the Business Plan, in order to steer the network towards a range of products that would ensure both that the agencies were competitive on price and that the Company returned to profit. Thus it continued to review and restructure the network of agencies in 2011 in order to rebalance the geographical cover: some Agencies were merged, leading to a 15% fall in their number and leaving a total of 1,793. This process of rationalisation, which strengthened the Company's presence in the south, bringing the number of agencies there up to 27% of the total, mainly affected the areas where there had previously been a strong presence such as Umbria (10 fewer agencies) and Tuscany (37 fewer).

2011 was also the year in which the new **Framework Agreement** between the Company and the Agents was signed, the key elements for discussion having been a system for redistributing work internally and externally, a modular and innovative remuneration system and increasing automation. In particular a new procedure for determining commissions on MV TPL premiums was introduced, which was to be applied to all the contracts in the portfolio and consisted of a fixed element and a variable element. In order to help agencies that did not fulfil the requirements for benefiting from the variable rate of commission as a result of performance in technical business being outside the agent's control, a Community Fund was set up under a joint committee to consider applications from agents, for which the Company was to set aside €3m a year for three years.

At the same time the new Group CRM system, introduced in 2010 in order to increase the agency's closeness to the customer (not just the geographical proximity) and involving all the Company Agencies (Assicoop), was extended to 167 more private agencies and became fully operational in 2011.

**Assicoop** is a distribution model that is unique in the field of insurance brokerage and agency work, not only in Italy but in Europe as a whole. Assicoop agencies are characterised by their widespread presence and their strong local links, by the fact that the networks specialize in meeting customers' particular requirements or corresponding to their particular profiles and by the multistakeholder nature of their owners. There are currently eight, in Emilia-Romagna and Tuscany. A whole series of mergers was launched in 2011, with Assicoop Ferrara S.p.A. being incorporated into Assicoop Modena S.p.A., Assicura S.p.A. Reggio Emilia merging with A.P.A. S.p.A. Parma (the new Assicoop Emilia Nord) and Assicoop Romagna S.p.A. merging with Assicoop Ravenna S.p.A. (the new Assicoop Romagna Futura).

The Assicoops served more than 435,000 customers in 2011, 41,500 of whom were also customers of Unipol Banca. Thanks to this strong synergy, obtained by using joint and local branches, the number of business customers rose to 48,000, an increase of 17% on 2010. By the end of the year the Assicoops had more than a thousand employees.

In **bancassurance** Arca Vita and Arca Assicurazioni disposed of their network of agencies, retaining only the mandate with the head office agency in order to concentrate on selling through 2,180 branches of approved banks. One of the instruments used by Arca Assicurazioni, which differentiated it from the other bancassurance companies, was the Re-Evolution project, the aim of which was to improve the bank's results and profitability by the internal appointment of specific professionals to deal with insurance business. There were 17 Re-Evolution Banks by the end of the year, with a total of 974 branches involved, and they contributed almost 70% of all bancassurance premiums.

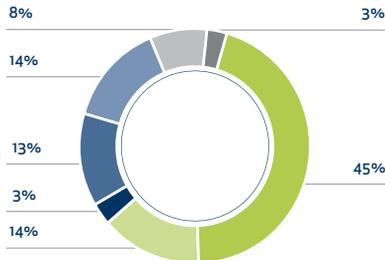
The Company also helped its network of agents by offering training, with 197 courses totalling 63,023 man-days being run in 2011.

## Suppliers

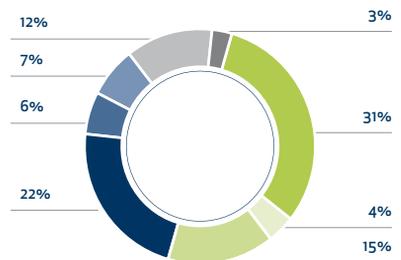
Over the past few years the Unipol Group has done a lot of work on rationalising and structuring relations with suppliers and making them more transparent, fair and reliable. A **'suppliers' web portal** was set up to enable the Company to keep a comprehensive register of suppliers and to enable suppliers to provide details of their products and services; transparent purchasing procedures involving comparing various proposals were introduced; the portal was linked to the ordering and payments system in order to ensure that it too was optimised. Other ways of strengthening the relationship between the Group and its suppliers included the third **Unipol Partner Day** and the **Sustainability Partners** project, which was a point of reference for those seeking to combine protection of the environment with streamlining the production of goods and services and was based on the idea that exchange and cooperation between businesses was of fundamental importance for innovation, to the advantage of all.

In the five months of 2011 after it was set up the Sustainability Partners portal involved approximately 60 businesses and 80 participants, who were helping with 14 eco-efficiency projects of various types, from cutting down on travel to promoting

Breakdown of insurance suppliers according to type



Breakdown of bancassurance suppliers according to type



Source: Administration and Operations Department

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sustainability to employees, from rationalising transport to reducing paper use and distributing food and drink.

The suppliers' list, set up in 2010, was updated in 2011: there were 840 suppliers for insurance, the holding company and all the participating interests and 681 for Unipol Banca, excluding those operating in property, which were managed separately owing to the specific nature of the services they required. In addition, 94 of the Group's suppliers were social enterprises (cooperatives, associations, consortia and other businesses offering socially useful goods or services), 92 of them operating in insurance.

When distribution according to category was analysed it was seen that there was a net predominance of service providers, particularly those providing high added value (Information Technology, Consultancy and services, Utilities and operation). Analysis of geographical distribution shows that when selecting suppliers the Group almost always gave priority to Italian businesses (95% of the total in the insurance sector, 100% in bancassurance) and those operating in areas where the Group's principal offices were located: 39% of the value of business placed was concentrated in Emilia-Romagna and 42% in the north-west. This figure confirmed the Group's strong regional bias and particularly its firm roots in Emilia Romagna.

## The Community

Support for the community is an important part of insurance since the insurance company has a social role based on the principle of mutuality. For many years Unipol has helped to improve the private and social life of individuals, working to promote balanced growth, responsive to people's actual needs, in order to promote greater wellbeing, social cohesion and security. This strong relationship with the community has also been developed at local and national level through the Unipolis Foundation, the Unipol Group's foundation, and partner organisations.

The total amount that the Group allocated to the community in 2011 rose to more than €5.8m, more than 11% higher than in 2010.

In order to ensure that resources are allocated properly and transparently, the Group has adopted common **guidelines**, on the basis of which the individual companies take their own decisions on how to operate. The guidelines cover the following aspects:

- > **Artistic and cultural heritage** – measures to expand and preserve the artistic, historical and cultural heritage of the areas in which Unipol operates and to allow individuals to enjoy it. In 2011 more than €1,000,000 was given in grants to support local theatres, exhibitions and cultural events, to universities and to promote international cultural institutions. Particular mention should be made of grants to the Teatro Stabile of Genoa

#### Contributions to the community (according to type)

Amounts in €

Type of activity	Description	2011	2010	2009
Donations	Contributions and donations of money or in kind to non-profit-making organisations for short-term projects or initiatives	424,259	980,962	820,250
Sponsorship	Initiatives selected to promote the Company brand (with a commercial value) to support social, cultural, sporting and local organisations (local sponsorship provided by branch/agency)	4,244,888	3,045,543	2,850,540
Unipolis Foundation	Contribution to the Unipolis Foundation	1,200,000	1,238,000	1,000,000
<b>Total</b>		<b>5,869,146</b>	<b>5,264,506</b>	<b>4,670,790</b>

Source: Administration and Operations Department

#### Contributions to the community (by area)

47%  
Marketing/Company visibility

16%  
Future generations



10%  
Solidarity

4%  
Environment

23%  
Artistic and cultural heritage

Source: Administration and Operations Department

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and to the Teatro Comunale and the Arena del Sole in Bologna and Unipol's role as main sponsor of the Teatro delle Celebrazioni, also in Bologna. The sponsorship that enabled the Unipol Arena to be set up in Casalecchio di Reno (Bologna) was also of great importance in 2011. Also worth mentioning was support for the Musica per Roma (Music for Rome) Foundation and the Musica Insieme (Music Together) Foundation in Bologna.

- > **Environment** – initiatives to protect the environment and raise awareness of matters such as climate change, energy saving, separate waste collections and pollution. In 2011 the Unipol Group increased the amounts allocated to protect the environment to more than €161,000, with the focus on promoting sustainable transport to both employees and the community as a whole. The Group was in fact the insurance partner of Mercedes Benz Italy and Enel in the E-mobility project, which promoted the purchase and efficient use of electric vehicles. The Group also worked with the ANIA Foundation and ASAPS (Supporters and Friends of the Traffic Police) to promote road safety and in close collaboration with the Unipolis Foundation and its Sicurstrada road safety project.
- > **Future generations** – attention and commitment to sport, both amateur and professional, and recreational and cultural activities for young people also continued in 2011, more than €760,000 being provided in grants. Above all the Group continued its support for sport as being important for personal growth, and especially for swimming, which it deemed to be ideal for achieving a healthy balance between body and mind. This led to the launch of the three-year (2012-2014) partnership between the Unipol Group and the Italian Swimming Federation. The Group also provided significant support for 'minor' sports clubs, thus continuing to play a full part in local life, and renewed its partnership with Briantea84, an association that promotes the integration of people with disabilities through competitive activities.
- > **Marketing and institutional promotion** – initiatives, often run in partnership with partner organisations, covering various topics and providing both initiatives and participants with media visibility. They took the form of supporting meetings and events throughout Italy, including events organised by staff recreational associations, agents' associations, Assicoop and individual agencies.
- > **Solidarity** – grants to various non-profit-making organisations for projects to improve all aspects of society, particularly those that raise awareness of, for instance, road safety,

health and voluntary work. More than €460,000 in grants was provided to initiatives of this type in 2011, an increase of 10% over the previous year. They included partnerships with **Save the Children** and **Libera – Associations, names and numbers against the Mafias**, the association set up to involve society as a whole in the fight against the Mafias and promote legality and justice. The relationship with Libera had always been strong, with Unipol being its main supporter. As well as making direct contributions to the association and guaranteeing to provide insurance and banking services on special terms, Unipol continued to support Libera Terra (Free Land) through its 'one Euro per policy and current account' scheme, which provided €186,000 for setting up and expanding new businesses in southern Italy that operate ethically, within the law and with respect for the environment and especially the Libera Terra cooperative of Crotona that was being set up at Isola Capo Rizzuto. In six years of partnership Unipol has given Libera Terra cooperatives more than €900,000 in grants, to which the contributions made by Unipol branches for cultural and social activities must be added.

One of the most important tools by which the Group fulfils its social, civic and cultural responsibilities as part of its more wide-reaching sustainability strategy is Unipolis, the Unipol Group's Foundation, which shares all the Group's values.

## The Unipolis Foundation

The Unipolis Foundation carries out non-profit-making scientific and cultural research, promotes security and social inclusion by running projects, both direct and in partnership with other bodies working in the community and sponsors community initiatives, giving preference to those that promote opportunities for education and training, in particular for the younger generation. For the second year running the Foundation has drawn up its own Mission Report, which can be viewed and downloaded at [www.fondazioneunipolis.org](http://www.fondazioneunipolis.org).

Thus the main areas in which the Unipolis Foundation works are culture, research, security and solidarity.

2011 was a year of expansion and consolidation for the project '**culturability – culture's responsibility for a sustainable society**'. In line with the fundamental objectives of 'culturability', two projects that used culture as an instrument of social inclusion, mainly of children, were identified in two very complex urban contexts: the Scampia district of

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Naples, where it was decided to sponsor the setting up of the **Mediatè** mediatheque in the Centro Mammuth, and the Albergheria in Palermo's old city (near Ballarò market), where sponsorship was provided for the library for children and young people known as **Le Balate**. 2011 was also the year in which the Foundation sponsored another 'culturability' initiative, a new musical scheme for young people: the **Future Music Contest**. Run entirely on the web, the FMC showcased potential new Italian musical talents under the age of 35 and encouraged Italians and 'new' Italian citizens, whether immigrants or born in Italy to parents of foreign origin, to come together through music. It therefore focused on the idea of music as a place where different cultures, language and traditions could meet.

The Foundation also carries out and promotes economic, social and cultural research, studies and analyses covering the huge transformation taking place everywhere, both nationally and internationally, including changes in markets and society. In particular, it has an agreement with the University of Bologna and the Alma Mater Foundation to support the work of young researchers. Work done during 2011 on **Governance and Social Responsibility** followed up the survey carried out by Unipolis on the application of Codes of Ethics in Italian businesses.

**Security** was the other topic central to the work of the Unipolis Foundation and various aspects of it were covered. 2011 saw the conclusion of the project developed by the Workshop on Occupational Health and Safety, which was promoted by the Alma Mater Foundation and in which Unipolis had been a partner from the outset. The Unipolis Foundation also continued to work with Demos and the Osservatorio di Pavia research institute on drawing up the **Report on Security in Italy and Europe as a whole - Perception, representation and reality**.

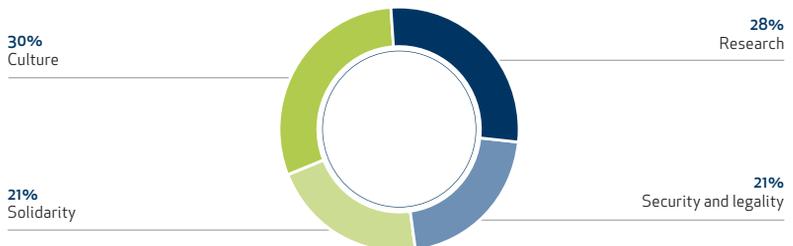
The Foundation continued to focus on road safety, mainly through the '**Sicurstrada**' project. 2011 was an important year because it saw the objectives of Sicurstrada being redefined and the development of a series of initiatives that made it possible to test the effectiveness of a new approach to road safety: protecting the defenceless user, essentially pedestrians and cyclists, and promoting sustainable transport. Various local initiatives were promoted during the year under the banner of 'Safety and sustainable transport. In other words a better city', the aim of which was to increase awareness of these topics, and a dedicated website ([www.sicurstrada.it](http://www.sicurstrada.it)) was set up.

Security is closely linked to another field in which Unipolis is active, that of **legality**, which is defined as promoting compliance with the law, civic pride, tackling organized crime and promoting social justice. In this field Unipolis mostly works alongside **Libera - Associations, names and numbers against the Mafias**, to which it gives financial and practical support. In fact many joint initiatives were undertaken during 2011: 'Libero cinema in Libera Terra' (Free Cinema in a Free Land), the event organised by Cinemovel, and the documentary 'Oltre Gomorra - Il tesoro dei boss' (Beyond Gomorra - The bosses' treasure), which was shown on Rai as part of its 'We are History' series.

The Unipolis Foundation's active commitment to **solidarity** manifests itself in its support for organisations that help the most vulnerable people in our society. The third '**Keys to Smiles**' concluded in 2011, more than 300 projects having been submitted. It is a competition for voluntary organisations and social cooperatives to develop social inclusion projects for young people between the ages of 12 and 18 through cultural events. The fourth competition also got under way, with the number of entrants up by more than 30%.

The Unipolis Foundation received €1.2m in 2011 from the founder member, the Unipol Group, which, added to approximately €110K set aside in the previous year for projects already in the pipeline, meant that it broke even. The 2011 Financial Statements ended substantially the same, with accruals to provisions of approximately €20K for projects to be carried out in the new financial year.

#### Breakdown of resources allocated according to theme



# Environmental performance

The environmental impact of the Group's business activities is classified, according to a procedure adopted internationally, into **direct impacts** and **indirect impacts**. The former relate to work carried out direct or controlled by the companies in the Group, whilst the indirect impacts arise out of work that is connected and useful to core business but is not controlled by the Company.

## Direct impact

Field	Policy	Action
1. Property	> Monitoring and reducing consumption of inputs	> Controlling heating consumption > Controlling water consumption > Controlling energy consumption
	> Monitoring and reducing outputs	> Increasing separate collections of waste > Energy audit of buildings > Energy upgrade of buildings
2. Staff travel	> Drawing up policies and monitoring consumption	> Monitoring journeys from home to work > Implementing and strengthening travel policy > Encouraging the use of car pools
3. Paper consumption	> Monitoring and reducing of waste	> Centralising orders for agency publications > Purchasing and distributing multifunction printers

## Indirect impact

Field	Policy	Action
1. Postal services	> Reducing consumption of paper	> Rationalising flows
2. Policyholders' environmental impact	> Monitoring and reducing the environmental impact of individuals and businesses	> Reducing paperwork, loans for photovoltaic systems, loans or easy terms for other green measures
3. Suppliers' environmental impact	> Monitoring and reducing suppliers' environmental impact	> Incentives for low-impact systems > Promoting good practice and expertise through 'Sustainability Partners' project

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Following European Commission guidelines, it is some years since priority areas for action to reduce the Group's environmental footprint (three direct and three indirect) were identified. Particular attention was paid to reducing greenhouse-gas emissions, water consumption and the production of waste. The various companies in the Group drew up their own policies for each area for action, for both monitoring the impact on the environment in a structured way and reducing it. By the time this process had been concluded management had identified the concrete measures to be taken in the areas identified in accordance with the policies adopted.

There was a 7% increase in total **electricity consumption**, mainly due to the completion of the Porta Europa building, which increased the surface area and the number of employees monitored. Another area where consumption of electricity continued to be high was the IT equipment used by employees and in the Data Processing Centres both for operating the equipment and for air-conditioning in the areas in which it was located.

**Heating power consumption** was down by 4%. It should be pointed out that some of the reduction in consumption in the Via Stalingrado office was due to some employees being transferred to the new Porta Europa office nearby, where there was therefore a significant rise in consumption.

**Refrigeration energy consumption** was approximately 3% higher than in the previous year and there were huge differences between offices. Most of the total rise was due to the increase in consumption in the Porta Europa office, owing to the transfer of employees to the new premises.

**Total water consumption** was 87,255 m<sup>3</sup> in 2011, much the same as in 2010 excluding the amount used in the Florence office, which is now monitored.

A lot of work has been done over the past few years to reduce **waste** and to sort it before disposal. The following are now disposed of separately: toner cartridges and materials for printers, office paper, cans and plastic (mainly from the machines in the various office canteens) and medical waste from the sick-rooms in the Group's offices. Continuing this theme, a policy for using printers in an ecologically efficient way was introduced in 2011.

All the companies in the Group continued to rationalize and reduce the **use of paper** by using IT and e-mail. All **printed matter** became **available online** in 2011, special software giving agencies access to the catalogue of forms on-line and enabling them to place orders by navigating within an interactive menu without needing to print anything out. At the same time the work of transferring the companies' documents to the **Single Group Archive** was completed, resulting in procedures for managing documents being standardised. A single software package made it possible to store documents on a single site and direct requests for them to a single manager. Work also continued on the four-year project to rationalize **incoming and outgoing post** in order to reduce the consumption of paper.

Environmental sustainability also manifested itself as the optimal use of resources within the Group and was put into practice through systematic and structured measures to promote a 'culture of sustainability' aimed at two targets in particular: in the case of employees and agents, through promoting sustainable transport and using lightweight paper, 99% of it FSC (Forest Stewardship Council) certified; in the case of suppliers, by including socio-environmental criteria in selection and evaluation processes and involving them in a project to develop eco-efficient initiatives combining competitiveness and sustainability (Sustainability Partners).

#### Group consumption

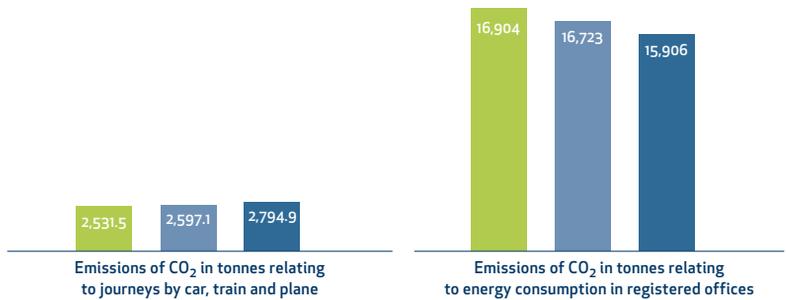
	2011		2010		2009	
	Group consumption	Consumption per employee	Group consumption	Consumption per employee	Group consumption	Consumption per employee
Electricity consumption MWh/year	21,958	5.1	20,568	5.0	20,050	5.1
Heating consumption MWh/year	15,627	3.6	16,316	3.9	13,960	3.6
Refrigeration consumption MWh/year	24,837	5.8	24,047	5.8	18,662	4.8
Water consumption m <sup>3</sup> /year	87,255	20.0	86,490	21.0	100,613	26.0

Source: Administration and Operations Department

The Group's commitment to reducing **CO<sub>2</sub> emissions** continued in 2011. It mainly consisted of reducing the amount of electricity used by IT services, one of the activities that uses the most energy, which saved a total of 1.1 million kW of electricity in 2011, corresponding to 367 tonnes of CO<sub>2</sub>, and 1.4 million kW of wasted heat, equivalent to 591 tonnes of CO<sub>2</sub>. In order to help to offset some of the emissions generated, and in general in order to raise individuals' awareness of climate change and help to improve air quality in the places in which it operates, Unipol signed up to the GAIA project, which is partly financed by the European Commission, the aim of which is to provide more green areas in Bologna by planting more trees. This three-year project will lead to 3,000 trees being planted by 2013.

The Group has two policies for minimising the impact of **staff travel**: on the one hand cutting down on travel between offices by using **web conferencing** and on the other hand reducing or streamlining car usage (by using public transport and **car pooling**, i.e. the use of the same car by several people). This new method of travel, which may be used by employees and consists of sharing taxis and company, private or hired cars for work-related travel, promotes the corporate philosophy of cooperation and **sustainable transport**.

#### Principal Group emissions of CO<sub>2</sub> in tonnes



Source: Administration and Operations Department

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**Unipol Gruppo Finanziario S.p.A.**  
**Ethical and Social Responsibility**

**Head**

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The Sustainability Report can be improved by contributions from readers.

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