



Shareholders' Meeting

Advice for shareholders
on the size and qualitative composition of the
Board of Directors for the 2022-2024 three-year period

**UNIPOL GRUPPO S.p.A.
BOARD OF DIRECTORS**

**ADVICE FOR SHAREHOLDERS
ON THE SIZE AND QUALITATIVE COMPOSITION
OF THE BOARD OF DIRECTORS FOR THE 2022-2024 THREE-YEAR PERIOD**

Bologna, 10 February 2022

1. Foreword

In compliance with the recommendations of the Corporate Governance Code for listed companies (the "**Corporate Governance Code**") and the provisions of IVASS Regulation No. 38 of 3 July 2018¹ as well as the Guidelines on system of governance issued by EIOPA², the Board of Directors of Unipol Gruppo S.p.A. (also the "**Board**" or the "**Administrative Body**" and "**Unipol**" or the "**Company**"), with the support of the Appointments and Corporate Governance Committee, drafted its advice on the size and qualitative composition deemed optimal in view of the appointment of the new Administrative Body for the 2022-2024 three-year period (the "**Advice**") at the Company's next Ordinary Shareholders' Meeting, scheduled for 28 April 2022 (the "**Shareholders' Meeting**").

Specifically, this Advice was drafted with the hope that Shareholders, at the time of submission of the candidate lists for the new Board of Directors, assess, also in light of it, the personal characteristics, experience, also in management positions, and gender of the candidates, in proportion to the size of the Company, the structure of the Unipol Group (also, the "**Group**"), the complexity and specificity of the business sector in which it operates, and the size of the Administrative Body.

To that end, pursuant to Art. 123-*bis*, Par. 2, letter d-*bis* of Italian Legislative Decree No. 58/1998 (Consolidated Law on Finance, the "**TUF**"), the Board of Directors has approved a diversity policy for the composition of the corporate bodies, which provides guidelines for the formulation of the Advice (the "**Diversity Policy**", available on the Company's website in the corporate governance section).

The Advice takes into account the results of the self-assessment on the size, composition and functioning of the Board and its Committees (the "**Board Performance Evaluation**"). This self-assessment was carried out annually over the 2019-2021 three-year period and had a specific focus on the areas to be seen as strengths and on those that need to be studied to allow the outgoing Administrative Body to express a synthetic opinion on the findings obtained during the year that just ended and, in particular, of the full mandate of the Board and, therefore, on the evolution over its term of office.

¹ In particular, Art. 71, Par. 2, letter bb) of IVASS Regulation No. 38/2018 establishes that, with reference to the ultimate Italian parent company (like Unipol), the Board of Directors should express "...guidelines on the professional figures whose presence in the Board is deemed appropriate, also considering the group's structure, particularly with regard to the companies pursuant to Article 210-ter, Par. 2 of the Code".

² The Guidelines on system of governance issued by EIOPA establish, inter alia, that the administrative body pursuant to Art. 1.28 Sect. 1 "should have an appropriate knowledge of the corporate organisation of the group, the business model of its different entities and the links and relationships between them and the risks arising from the group's structure" and in compliance with Art. 1.43 of Section 3, "should collectively possess appropriate qualification, experience and knowledge about at least: a) insurance and financial markets; b) business strategy and business model; c) system of governance; d) financial and actuarial analysis; e) regulatory framework and requirements".

2. Size of the Board of Directors

In accordance with Art. 10 of the By-Laws in force, the Administrative Body of Unipol shall comprise no fewer than 15 and no more than 25 members. Its current size, as approved by the Shareholders' Meeting on 18 April 2019, is 19 members; previously, in the 2016-2018 three-year period, the Board had 22 Directors.

The outgoing Administrative Body believes that, for the purposes of the assessment of the quantitative composition of the Board, it is necessary to keep into account different criteria and different requirements arising from the specific nature of the role of parent company fulfilled by the Company and its areas of operation as well as the characteristics and structure of the Unipol Group, and try to reconcile these requirements.

The size of the Board of Directors must adequately support the tasks of strategic direction and coordination that the Board will be called to carry out, taking account of the need to articulate the delegation of the functions of analysis and propositional and advisory support to its internal Committees, also in consideration of the Group's complexity and the need to ensure their adequate operation.

In this regard, in relation to the size, management and organisational structure of the Group, the following should be considered:

- the specific role performed by Unipol as an issuer with shares listed in the Euronext Milan Market managed by Borsa Italiana S.p.A. ("**Euronext**") and as parent company of the Unipol Insurance Group; the activity carried out by the Company is subject to in-depth and impactful regulation by the insurance and financial market and sector Supervisory Authorities;
- the presence in the Unipol Group of UnipolSai Assicurazioni S.p.A. (also an issuer with shares listed in the Euronext, as well as the direct parent company of all other insurance companies in the Group) and companies operating in the financial sector; a structure which indicates the Company's role and characterises its complex management and governance model aspects and issues from the operational and organisational perspective;
- the diversification of the Group's businesses, also including companies instrumental to the exercise of the insurance activity (including those performing real estate activity) as well as companies operating in diversified sectors (including hotels, health, agriculture and car rental).

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

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In this regard - also following the Board Performance Evaluation and taking into account the requirement of diversification of the competencies deemed necessary, as well as the size and complexity of the business performed by the Company and the Group - the Board of Directors, with the support of the Appointments and Corporate Governance Committee, deems that the current number of Board members is adequate, taking into account the positive operation dynamics noticed by the outgoing Board of Directors in the course of its term of office and believing that the composition of the new Administrative Body should at any rate guarantee the efficient and effective management of this body's operations, making possible the in-depth study of issues and allowing all members to express themselves and give their personal contribution to the development of a fruitful dialogue, also with regard to the operation of the board Committees.

3. Qualitative composition of the Board of Directors

We shall start by recalling that the regulations that apply to the Company provide for specific requirements of fitness for office that must be met by the members of the Administrative Body, also identifying certain cases of ineligibility or incompatibility.

That said, with regard to the qualitative composition of the Board of Directors, the Diversity Policy states that:

- the Directors are for the most part non-executive, able to provide adequate contribution to the board activities, enhancing the internal debate with competencies of a general strategic or technical nature, even formed outside the Group, so as to be able to analyse the different issues debated from different viewpoints, thereby contributing to spurring dialogue, which is the necessary requirement of a collegial, well-considered and informed decision;
- in addition to what is set forth in this regard by the TUF and applicable sector regulations, pursuant to the Corporate Governance Code, the independent Directors must make up at least half of the Administrative Body, thus allowing inter alia for a diverse composition of the board Committees;
- in compliance with the provisions of the Company's By-Laws and provisions of law in force on gender balance, the Board of Directors must be made up for at least two-fifths (rounded upwards) of Directors belonging to the "least represented" gender;
- a balanced composition of different levels of seniority in office and age brackets must be guaranteed within the Board of Directors, thereby sharing in any case the significant value that the experience accrued and knowledge of the activities and dynamics of the Group may bring in terms of a contribution to the effective operation of the Board;
- to ensure the proper execution of their tasks and guarantee the effectiveness of

the role, the Directors are able to devote adequate time and resources to the execution of their mandate;

- the managerial and/or professional and/or academic and/or institutional profiles of each of the Directors, according to the provisions of the applicable industry regulations, are suitable to allow the Administrative Body to have, as a whole, technical skills and experiences that are different and complementary to each other, in order to fulfil its tasks.

In this regard, please recall that pursuant to Art. 212-*bis*, Par. 1, letter c) of Italian Legislative Decree No. 209 of 7 September 2005 (Private Insurance Code, the "**CAP**"), parties carrying out administration, management and control functions at Unipol, as the ultimate parent company of the Insurance Group of the same name, are subject to the requirements of professionalism, integrity and independence as well as situations of ineligibility and incompatibility established for parties carrying out such functions at insurance companies³; the Board checks that such requirements are met, also taking into account the Policy on fitness for office approved by the Administrative Body (the "**Fit&Proper Policy**").

Moreover - considering the qualified investments held by Unipol, including in companies operating in the banking and financial sectors - when required by regulations in force over time and/or the competent domestic and/or foreign Authorities, the Board of Directors checks that its members meet the requirements necessary for investment in such companies.

Looking in more detail to the theoretic profiles of the candidates for the offices of Director suitable to ensure the optimal qualitative composition – without prejudice, as it was said before, to the requirements made in this respect by the current regulations that apply to Unipol – the Board of Directors, with the support of the Appointments and Corporate Governance Committee, also in light of the outcome of the self-assessment carried out annually over the three-year period, has defined a set of competencies believed to be necessary to the Administrative Body for the proper and effective execution of its tasks, also taking into account:

- what is stated in that regard by the cited national legislation applicable to the insurance sector⁴, according to the principle of proportionality⁵, taking account of the mere holding company activity carried out by the Company, as well as the

³ In particular, Art. 212-*bis*, paragraph 1, letter c) of the Private Insurance Code states that, with reference to the supervision of the group, IVASS, inter alia: "(...) c) assesses the system of governance of the Group and the possession of the requirements set forth in to Art. 76 by the parties that carry out functions of administration, direction and control in parent companies set forth in to Art. 210, Par. 2 [including Unipol, ed.], and the parties there in charge of the key functions."

⁴ At present, the reference sector regulations are provided by, as noted above, IVASS Regulation No. 38/2018, which - at Art. 71, Par. 2, letter p) - provides that "*the administrative body of the ultimate Italian parent company [which is Unipol, ed.] as a whole possesses adequate technical competencies to perform the duties required by the structure, by the activity, and by the risk profile of the group.*"

⁵ Pursuant to Art. 30 of the Private Insurance Code: "*1. The company shall adopt an effective corporate governance system that allows a sound and prudent management of the activity. The system of governance is proportional to the nature, size and complexity of the activity of the Company.*"

Fit&Proper Policy;

- to the indications issued by the European institutions and authorities⁶;
- the functions assigned to the Board itself, its operation and the establishment of Committees within the Board⁷, as well as of the complexity and size of the Group, the type of activity carried out and its listing in regulated markets;
- to the best practices in place on the market.

In this regard, the Board notes also that the outcome of the Board Performance Evaluation have confirmed in general:

- the shared opinion that the current composition of the Board of Directors of the Company, overall, reflects the competencies believed to be necessary for its proper operation, also on the basis of the in-depth knowledge and the experience accrued by the Directors themselves in the execution of the current mandate and/or, if applicable, of previous mandates, as well as with the participation, for those who are members, in the meetings of the Board internal committees, and training programmes and refresher courses (induction session);
- satisfaction with regard to the level of diversity, in terms not only of age, gender and seniority of office but also of competencies and expertise, of the Board, even if in the presence of possible areas of improvement, which might be improved also thanks to the experience accrued in the exercise of the role and the participation in new induction sessions.

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This Board of Directors believes that, in general, its current structure adequately and properly reflects the various components (executive, non-executive, independent, gender and age/seniority in office) and the different competencies required.

This being said, the Board moreover recommends that, taking into account the result of the Board Performance Evaluation, also in light of the aforementioned induction activities, as well as what is set forth by the sector regulations referred to above, the

⁶ At EU level, Art. 273, Pars. 2 and 3 of Commission Delegated Regulation (EU) 2015/35, of 10 October 2014, supplementing Directive 2009/138/EC (*Solvency II*), states the following:

"(...)

2. *The assessment of whether a person is fit shall include an assessment of the person's professional and formal qualifications, knowledge and relevant experience within the insurance sector, other financial sectors or other businesses and shall take into account the respective duties allocated to that person and, where relevant, the insurance, financial, accounting, actuarial and management skills of the person.*

3. *The assessment of whether members of the administrative, management or supervisory body are fit shall take account of the respective duties allocated to individual members to ensure appropriate diversity of qualifications, knowledge and relevant experience to ensure that the undertaking is managed and overseen in a professional manner."*

⁷ In addition, pursuant to the Corporate Governance Code, at least one member of the Control and Risk Committee and the Remuneration Committee must be in possession, respectively, of adequate:

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

professionalism and competencies represented within the new Administrative Body as a whole, in order to maintain its optimal composition, should fall within the following areas:

- insurance and/or banking and/or financial and/or real estate business;*
- trends of the economic-financial system and sector;*
- strategic planning;*
- accounting disclosure and financial reporting systems;*
- laws and regulations of the sector and corporate governance;*
- internal controls and risk management;*
- company organisation and remuneration;*
- sustainability and Environmental, Social and Governance (ESG) factors;*
- information technology/digital and operations.*

To ensure an adequate dialogue within the Administrative Body and allow it to take increasingly well-informed decisions, as well as to assign to the Directors different tasks within the Board of Directors and its internal Committees, the outgoing Board also believes it is desirable, in compliance with the guidelines of the provisions for the sector, to have, within the Administrative Body, a plurality of competencies, experiences and cultures, general and specialised, since the simultaneous presence of diversified competencies and experiences ensures the complementarity of the professional profiles and encourages said dialogue and the efficient operation of the Board and the Committees.

Without prejudice to the fact that the Corporate Governance Code recommends that the Board of Directors of the Company be composed of at least one half independent Directors, please note that, with regard to the evaluation criteria used by this Administrative Body, taking into account the current shareholding structure of Unipol, so far all of the following Company Directors have been considered non-independent:

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

The Fit&Proper Policy has also pre-defined the quantitative and qualitative criteria for assessing the significance of certain circumstances - particularly those referred to in points c) and d) of Recommendation 7 of the Corporate Governance Code - which compromise, or appear to compromise, the independence of a Director. Such criteria will be specifically summarised in the report of the Directors for the Shareholders' Meeting, which will be published within the terms established by regulations in force.

Furthermore, to identify the qualitative composition of the Board of Directors believed to be optimal, the Administrative Body in office, considering the guidelines of the Corporate Governance Code, reasserts the importance of ensuring that:

- (i) the aforementioned managerial and professional competencies are adequately represented, also keeping into account the benefits that may derive from the presence in this body of different genders and experiences, also ensuring a balanced combination of different ages and seniorities in office, assessing, on this last point, the possibility of keeping an adequate number of Directors currently in office;*
- (ii) in particular, keeping into account the laws and regulations of the sector, the Board has competencies, already available today, on internal controls and risk management, also in order to allow an adequate composition of the Control and Risk Committee;*
- (iii) the non-executive Directors are capable of ensuring adequate debate within the Board of Directors, in order to support knowledgeable joint decision-making, through the simultaneous presence of multiple types of knowledge, experiences and cultures, general and specialised, in order to ensure the complementary nature of the professional profiles and favour the efficient functioning of the Board of Directors and the board Committees.*

To ensure the proper execution of their tasks and guarantee the effectiveness of the role, the candidates for the office of Director should be able to devote adequate time and resources to the performance of their duties.

Lastly, this Board of Directors recommends to those submitting a list containing a number of candidates exceeding half of the members to be elected, to provide adequate disclosure concerning the list's compliance with the Advice, also with reference to the criteria set forth in the Diversity Policy, and to indicate, in compliance with the provisions of the Corporate Governance Code, their candidate for the position of Chairman of the Board of Directors, without prejudice to the fact that, pursuant to the By-Laws, the Chairman shall be elected by the Board.

The Board of Directors

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

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