

2020
ETHICS REPORT

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Bologna, 9 February 2021

2020 Ethics Report and Report to the Board of Directors regarding, inter alia, the general consistency between the principles declared in the Code and the company management.

1. Foreword

In 2020, the Ethics Committee met on 11 February, 24 June and 16 December.

At the meeting of 11 February, the 2019 Ethics Report and related Report to the Board of Directors were approved.

At the meeting of 24 June, *EticaMente*, an *online* training course on the Code of Ethics was presented. The course is for employees, agents and agency staff of the Unipol Group. The Committee was also provided with a description of the activities carried out by the function in the first half of the year.

At the meeting of 16 December, the reports and requests for information /opinions received by the Ethics Officer up to November were examined along with the progress of the "EthicaMente!" course had started up in July.

2. Reporting and requests received

The Code of Ethics requires that reports may be sent in by anyone by writing to the Ethics Officer via ordinary post or by email (to the address responsabile.etico@unipol.it) that may relate to criticisms, suggestions or reports of alleged breaches of the Code of Ethics.

264 requests and reports were made to the email address of the Ethics Officer in 2020 compared to 143 in 2019.

The reports and requests received can be broken down as follows:

Requests received	2020	2019
2.1 Reports of alleged and specific breaches of the Code of Ethics	7	9

2.2 Opinions requested from the Ethics Officer (Business/Values consistency; consistency of behaviour models, sundry clarifications; suggestions)	10	6
2.3 "Complaint" type reports (relating to inefficiencies, delays, disputes, including those with alleged ethical aspects)	216	106
2.4 Various types of contacts	31	22
Total	264	143

As can be seen from the table, while the figure relating to reports to the Ethics Officer for matters under his specific responsibility is substantially stable (**17** in total compared to 15 in 2019), there was a decided increase in "complaint" type reports, which more than doubled (**216**, compared to 106 in 2019), which can be added to those of the sundry type (**31**). The increase is due to the operational and communication difficulties which arose as a result of the healthcare emergency: in this situation, *stakeholders* (and Customers in particular) increasingly took to contacting the Ethics Officer to point out various types of issues to the Company, regardless of the presence of any "ethical" aspects. As is standard, the Ethics Officer acted as a "facilitator" to achieve various solutions in collaboration with other company departments (see paragraph 2.3 below for further details).

With regard to the requests and reports under the specific responsibility of the Ethics Officer (**17**), in addition to the substantially stable figure of the number of cases compared to the previous year, there was a higher number of requests for information or opinions on ethical matters (**10**), both with respect to the previous year (in 2019 there were 6) and with respect to the reports of possible breaches of the Code of Ethics (**7** compared to 9 in 2019). The increases were slight, but confirm awareness of the issue and the limited scope of situations where the Ethics Officer was asked to check consistency with the principles of the Charter of Values and the Code of Ethics of the Unipol Group.

2.1 Reports relating to alleged and specific breaches of the Code of Ethics

Of the **7** reports received in 2020, breaches of the Charter of Values and the Code of Ethics were actually only found in **2** markedly different cases:

- The first case relates to a marketing initiative promoted by an Agent on certain *social media* platforms which was reported to the Ethics Officer with reference to the advertising message used, considered debatable with respect to the Value of "Respect" of persons (in this case, women). Without the need for specific in-depth preliminary inquiries, the finding seemed clearly justified and the Agent, at the request of the Ethics Officer, immediately removed the advertising message and apologised for what had happened.
- The second case, on the other hand, related to a representative of a professional association which had an agreement with one of the Group Companies, who reported that the procedure by which a contractual relationship that had been in place for years was terminated, with the consequent loss of his role as broker, meant that the Company had acted in breach of what the Code of Ethics prescribed in its relations with "suppliers". At the end of the preliminary inquiry set in motion after first informing the Chairperson of the Ethics Committee, the documentation submitted by the reporting party and the Company was examined and evaluated by the Ethics Officer (also in the presence of the Committee Chairperson), and they reached the conclusion that certain aspects brought to light by the report were worthy of attention, even though it could not be classified as an express breach. The Company noted that it had decided to interrupt the relationship without giving reasons since it had the right to do so in accordance with the contract. In reaching his conclusions, the Ethics Officer pointed out the following to the Company's top management:
 - that the Ethics Department has the duty to establish whether the behaviour of the company departments comply with the Code of Ethics and the Charter of Values of the Group, its role is not to question either the value judgments passed by said departments or the legitimacy of the assessments made;
 - that even though the Company could reasonably believe itself to be fully justified in terminating the relationship without having to provide reasons from a contractual standpoint, it could however have acted with greater consideration towards the interested party by not notifying contractual termination with immediate effect without having first given notice, even by telephone, and even more so during a *lockdown* period.

It was therefore suggested orally to top company management to require business partners to adopt methods that more strictly adhere to the principle of respect for their "suppliers" (and external partners in general). In order to avoid this being used to its disadvantage in any legal disputes, clearly those considerations were not made known to the reporting party, who, following an express request, received an answer saying that the report had given rise to an internal process, covered by extreme confidentiality, the conclusions of which were only passed on to the applicable corporate bodies of the Company in question.

No breaches emerged from **4** of the remaining **5** reports.

In another case, however, (the only relevant one from an ethical standpoint), there was a report of criminally relevant behaviour with respect to an employee of a Group Company, and the Ethics Officer - in agreement with

the Human Resources Department - replied that the facts reported had been reported by the [Company](#) to the competent authorities.

However, going back to the **4** previously mentioned situations, they were analysed and assessed by the Ethics Officer, who also settled them, in accordance with the Committee Rules, and discussed the more sensitive cases with the Chairperson of the Committee. Some situations were considered in this instance where "complaint" type aspects levelled at Agents or their business partners were directly connected to alleged behaviour of a particularly serious nature, to the extent that they also had to be considered from a Code of Ethics perspective and the finding was subsequently also agreed jointly with the Complaints Department.

The preliminary inquiries, that in some cases were particularly complex, were carried out by carrying out in-depth investigations of the situations revealed, through consultation and involvement of the company divisions responsible, while constantly ensuring the complete confidentiality of the people involved.

The cases dealt with were the following:

- 1) the case of a former employee of a Group Company who already in April 2019 had contacted the Ethics Officer to report behaviour by the Company which, in their opinion, breached the Code, and resulted in the employee's unjustified dismissal, specifically accusing the CEO of said Company and their closest associates of improper behaviour, but without giving specific details of the facts or circumstances. A preliminary inquiry was carried out, with a prompt and thorough verification by the Company in relation to the claims made, and the consequent archiving of the report due to lack of grounds since no proof had been provided in the shape of facts or documents. This decision was communicated (July 2019) to the reporting party, who once again contacted the Ethics Officer, submitting the issue once again, with the addition of certain aspects (facts and names) which had not been previously provided, which were considered sufficient justification for further investigation. To this end, a request was sent to the Company's Internal Auditing Managers so they could check the report, without breaching confidentiality, and then refer back to the Ethics Officer. The Group's Audit Manager was informed of the request, and in response he stated that it did not show up any risks in the reported areas, and therefore the reporting party was given an answer to the effect that the file would be dismissed since no objective proof of wrongdoing had been found.
- 2) The owner of a company insured with our Insurance company complained about behaviour that did not comply with the Code of Ethics by a member of the agency network in terms of principles and values established in the relationship with the Customer (transparency, due consideration of requirements). The Complaints office and Ethics Officer made the checks they were respectively responsible for, concluding that the complaint was without grounds and that the behaviour of the agency network complied with the Code of Ethics, therefore providing, each for their own part, a reply to the interested party, who did not reply.
- 3) A public security agent informed the Ethics Officer of highly offensive and provocative behaviour alleged to have been carried out by one of our Agents who had been contacted to complain about the lack of

efficiency with which a claim made by a relation was handled (more specifically the stage relating to roadside assistance). The reporting party, first by telephone and then in writing, gave a detailed description of the event, which was brought to the attention of the Sales Department, who immediately began to make all the necessary checks. The Ethics Officer asked the owner of the Agency involved to promptly make a report on what had been claimed by the reporting party. In the report, the Agent denied all the charges and the Ethics Officer concluded by believing the Agent unless proven otherwise. The Complaints and Specialised Customer Assistance Department then responded to the reporting party, apologising for the inefficiencies that had been singled out regarding the handling of the claim, and also referring to the contact with the Ethics Officer, reporting that the Agent had stated that their entire agency had been at the person's disposal and acted with great professional integrity. There were no further developments on this issue.

- 4) A Group Company employee contacted the Ethics Officer to complain that his manager, who according to him had intentionally made all his colleagues aware of a report on his work activities, had acted in a way that undermined him in terms of the Value of "respect". Since the episode did not appear to be particularly serious from the way it was reported, the Ethics Officer decided to carry out a preliminary investigation by telephoning the reporting party. Through a frank discussion with the interested party, it was therefore possible to resolve the issue without making any report, after having discovered that the episode in question did not breach the Code of Ethics since it more than likely involved an error of communication by email.

2.2 *Opinions requested from the Ethics Officer*

In 2020, in **10** cases, the Ethics Officer was asked to express an opinion on the matters he is responsible for on specific issues, simple requests for information or clarifications regarding the Code of Ethics, proposals and suggestions. Unlike provisions for reports of possible breaches of the Code of Ethics, which must be submitted in written form and must not be anonymous, in these cases, the Code provides for the option of contacting the Ethics Officer even just by telephone. Even since the start up of the *online* Training Course for employees and agencies, access to the service is guaranteed at all times through the company telephone services.

The issues dealt with in this area included the following in terms of the significance of the ethical situations handled:

- an insured party who asked the Ethics Officer for an opinion regarding a press release (published in April) in which the National Union of Consumers announced its intention to submit a claim to the Antitrust Authority to ensure that the promotional campaign #UnMesePerTe was valid. The Ethics Officer answered that the campaign showed the Company's awareness of the Values of the Code of Ethics and the conditions for corporate responsibility in all its forms in the current context of the serious social and economic crisis caused by the ongoing pandemic. The finding considered the various aspects of the campaign, emphasising that the initiative could be interpreted as a real

economic advantage for Customers and that its merit-worthy character was recognised by many consumers and their associations, including Konsumer Italia and ADOC.

- A broker submitted a proposed quotation for the insurance cover for a newly established Company, whose business was designing warships. The Sales Department, already worried about whether the proposal should be accepted, asked for the opinion of the Ethics Officer, who forwarded the issue to the Sustainability department to make the assessments that fell under its remit. Sustainability examined it from the viewpoint of the ESG Underwriting policy and the viewpoint of reputational risk, and established that this type of risk existed. The Sales Department therefore received confirmation that its doubts were well-founded, and decided not to go ahead.
- The Real Estate Department submitted the request for an opinion from the Ethics Officer regarding a multinational company that operates in the gambling sector that wished to rent a Group property which would be used as its Italian registered office. The Ethics Officer noted that even though it did not involve an investment in the gambling sector (which is prohibited), the agreement to the request, since it related to a representative office and not just hosting service offices, would not be appropriate in terms of image and reputation since it was not consistent with the awareness-raising and information projects on gambling addition which the Group has been running for some time. The request to rent the offices was therefore rejected.

To this end, as a sign of the development of an ethically sensitive culture, there was an interesting proposal that a colleague from the Computer Management Services decided was worth communicating to the Company through the Ethics Officer. On the basis of their personal experience, and referring to the Values of farsightedness and accessibility, the colleague underlined the importance of improving the video-communication systems currently in use, suggesting to the Group that it should evaluate whether to promote certain actions with government agencies that supervise and govern the activities of the public telecommunication *carriers* in order to create a single standard system. This contribution was constructive and appreciated, and was brought to the attention of the competent company departments.

2.3 *"Complaint" type reports (relating to inefficiencies, delays, disputes, even with supposed ethical aspects)*

216 reports were received by the Ethics Officer in 2020 that were generically registered as being "complaint type" reports, of which there were 106 in 2019.

As noted above in paragraph 2, the considerable increase in the number of these reports is mainly due to the operational and communication difficulties experienced as a result of the healthcare emergency, that led to weaknesses in certain company services (agency network, payment, underwriting, sales assistance) in terms of their accessibility and their standard and efficient operation, with an increase in misunderstandings, delays, the need to obtain clarifications, documents, etc. A situation that was clearly very urgent during the *lockdown* stage, but which, since the end of the summer, appears to be regressing constantly and becoming more normal thanks to the Company's implementation and optimisation of all the necessary remedies.



In this context, *stakeholders* often contacted the Ethics Officer to point out various types of problematic issues to the Company regardless of whether there were any "ethical" aspects that needed addressing. This was especially true of Customers experiencing difficulties or just in a stage of confusion when faced with obstacles of various kinds (for example computer tasks to be performed to to take out coverage online).

Generally speaking, for these reports that carried no "ethical" concerns, the Ethics Officer works to facilitate possible solutions, directing them to the divisions involved and working in association with the Complaints and Specialised Customer Assistance department in particular. In the delicate situation of the past year, this role was particularly significant in terms of the breadth, variety and complexity of the actions undertaken, also considering the need to promptly and efficiently support the high profile value and ethics initiatives offered to its Customers by the Group (from #UnMesePerTe and #andràtuttobenefree to the recent #UniSalutePerTe). In many cases this has enabled (and will allow) Customers to recover or even bolster their trust in the Group. The work carried out also allowed certain particularly sensitive and growing areas to be identified, to be carefully monitored and promptly notified to the specific company divisions: fraud (MV Business) by false insurance brokers; requests for access to the documents relating to road claims; possible *data breach* cases.

In order to deal with the increase in these reports more efficiently and manage the above-mentioned situations better, the Ethics Officer implemented and shared synergistic procedures and mechanisms with the divisions most frequently involved (Complaints and Specialised Customer Assistance, Anti-fraud and Institutional Response, Special Areas and Payment Controls, MV, Sales Department, Sales Communications, Privacy Legal Consultation and DPO support and Focal Point Data Breach).

Even though these reports often took on the shape of "complaints", they sometimes also pointed to possible breaches of the Code of Ethics, so the Ethics Officer also proceeds to assess them from his own standpoint, always working in collaboration with the Complaints and Specialised Customer Assistance Department to determine the appropriate response. However, where these types of positions are concerned, there were no cases in 2020 where situations were identified in which reference to alleged breaches of the Code of Ethics were justified.

By way of example, certain situations can be underlined where attempts were made to substantiate the values and principles of listening and dialogue, with attention being paid to the requirements of current or potential Customers, awareness of the weaker sections of society and quality of service:

- there were a number of cases of reports of insurance fraud carried out by false brokers who, having introduced themselves using with the UnipolSai brand, offered MV TPL cover on the internet at very low prices and sent counterfeit insurance estimates and documentation. This type of situation can obviously prosper in situations like the healthcare emergency in which the use of online (mainly the internet) sales channels for potential customers is actually necessity. The reports are basically of two types: the first type is filed by more attentive parties who after being provided with a quot but before paying the premium, would contact the Company to ensure the authenticity of the coverage on offer;

, in other cases, however, the reports stem from parties who are victims of the fraud and only report this to the Insurance Company afterwards. In these cases, the Company normally responds by noting that it does not have any responsibility in the matter, but thanking the reporting parties for the report on the basis of which it will file an action. When the Ethics Officer receives a report, it then gets forwarded to the Non-Life Specialised Assistance office that will work in association with the Anti-fraud office for the response. A person who fell victim to a similar type of fraud informed the Ethics Officer that they suffered additional unpleasant consequences (they were stopped by the police and had to abandon their car, etc.) and asked whether the Insurance Company could meet them halfway and give them a small discount on their policy. The Ethics Officer sent the request to the MV Department that accepted the request within the limits permitted by current sales policies. The new Customer was grateful, with a positive reflection on the Company's image.

- A multi-insured customer with UnipolSai for 40 years noted that they had an accident in 2018 and had only been partially reimbursed (permanent invalidity compensation) without having been able to obtain any response regarding their request for reimbursement for the medical expenses incurred. Before having the lawyer take further action which would interrupt a long-lasting, positive relationship of trust with our Insurance Company, they decided to contact the Ethics Officer. Once the Claims division addressed the issue, the reporting party and its lawyer were immediately contacted and the misunderstanding was resolved. The Customer warmly thanked UnipolSai for its ability to listen and the willingness shown to understand and resolve their problem.
- Among the complaints and requests for clarification related to the #UnMesePerTe and #andràtuttobenefree campaigns there were quite a few complaints that referred to the need to download a smartphone app to activate these initiatives. Some people believed that the request was discriminatory since it ruled out people who didn't have smartphones and who did not intend to buy one. The objection - in any case involving a limited number of cases - was resolved i) for #UnMesePerTe, by allowing the Agencies to apply a discount equal to the voucher due when these customers renewed their policies, while the manual activation of the initiative was implemented in the case of #andràtuttobenefree by the Agencies (thanks to the pro-active involvement of theSales, MV, Complaints and UniSalute Management).
- A Customer wrote to the Ethics Officer referring to the principles contained in the Charter of Values and the Code of Ethics regarding the attention paid to weaker categories. The customer noted that they had been insured with UnipolSai for many years and now found themselves in a difficult situation (work problems and personal financial situation) due to the increase in the MV premium following a minor accident for which they were responsible. They expressed their appreciation for the #UnMesePerTe voucher, but said they needed more help. The request was sent to MV which received confirmation from the Agent of the actual difficult situation of the insured party, and allowed "for just

social reasons" the premium to be paid without applying any increase (the part of the premium that the Insurance Company had waived was taken on by the Insurance Company and the Agency).

2.4 *Various types of contacts*

The picture is completed with the **31** contacts of various kinds (sending CVs for possible recruitment, request for professional cooperation, etc.) which were immediately forwarded to the competent corporate departments. Since they were registered in this section, there were also some emails by customers sent to compliment the Group on the initiatives taken in the pandemic emergency or on the excellent service provided at all levels when managing the claims.

3. *Training*

At the meeting of 24 June, the *EticaMente!* online training course on the Code of Ethics aimed at employees, agents and agency staff, made by the Ethics Officer in association with "Unica - Unipol Corporate Academy" was presented to the Ethics Committee and the Chairperson of the Board of Directors of Unipol, Pierluigi Stefanini.

Even though it was decided to use the same name as a similar training initiative implemented in 2011, also for reasons of continuity, the new *EticaMente!* course is very different from the previous one in terms of its approach which does not follow the traditional educational structure. An attempt was made to enable users to identify with situations and roles that they could encounter within their day to day work at the company, and the need for them to reach big or small decisions while taking into account the possible ethical implications on a case by case basis since everyone in our Group has to account for their actions. The course was designed so as not to be too rigid, seeing as it was meant to provide an opportunity to consider one's conduct at work: the main principle is that there are no entirely right or wrong decisions, but only decisions that reflect the principles and values of the Unipol Group to a greater or lesser extent.

The project therefore aimed at injecting the Charter of Values and the Ethics Code into the lifeblood of the company, with their contents filtering into the mindsets of a vast number of users: about 40,000 between employees and agents/agency staff.

EticaMente! was created using a "game" type of training method: from studies and analyses carried out, the *game* method is now often used for adult courses since it provides for a less "passive" approach for participants/users, and is more engaging and empowering. People taking the course learn the concepts, committing themselves to an activity that has them acting as the main character in a contributory and involving manner. It is therefore a game-based training method, but at the same time, streamlined and fluid, with a view to stimulating and motivating the resources as much as possible. Three terms effectively sum up its essence: Engagement. Empowerment. Motivation.

Since it obtained the approval of the Ethics Committee, *EticaMente!* was presented on Futura@ and Ueba in July, with a message from the Chairperson Pierluigi Stefanini and then made available to the users.

At the meeting of 16 December 2020, at the request of the Committee, the performance of the first few months of use of the course was illustrated (the course is not compulsory).

On 1 December, the course had been completed by **1648** people, including 655 employees, 933 agents/agency staff (but a further 2000 people were already registered who are now taking the course). In any case, the analysis showed the important fact that participation was still limited in relation to the extent of potential users.

Regardless of the fact that it was not compulsory, the initial thought was that this participation rate might have been seriously affected by the healthcare emergency that we are going through due to the psychological effects of it, also in terms of attention and taking part in all the components of corporate life, in an "abnormal" situation.

In view of all the considerations made, the Committee in the end decided:

- a) to approve the initiatives proposed by "Unica" which can be carried out immediately (starting from January 2021) aimed at increasing awareness (also with the involvement of the Managers);
- b) to reconsider the attendance trend for the entire first half of 2021 to verify the outcome of the actions undertaken in the meantime, therefore assessing any further actions that could be considered advisable in relation to the corporate significance of the issues dealt with in the course.

Finally, with regard to the classroom teaching for the Managers of the Unipol Group, this officially ended on 9 December. In July, the final edition was completed via videoconference (9 participants) which had been interrupted with the first wave of the pandemic. **1,467** people completed the entire programme.

4. Final considerations and assessment of the general consistency between the principles declared in the Code and corporate management.

The healthcare emergency which arose in 2020 also had repercussions on the work of the Ethics Officer Function. In addition to carrying out the duties implicit in his corporate role regarding compliance with the Charter of Values and the Code of Ethics of the Group, as illustrated above, the function was widely consulted by *stakeholders* (especially by Customers) when they encountered difficult situations, dealt with (as standard) by involving the competent corporate divisions as required. Even though it is an "accessory" activity with respect to the role, in this unexpected situation, it could be said that it was consistent with the ethical values on which the Group is based, especially from the standpoint of listening, care for the needs of the Customers and efficiency of service.

Apart from his normal activities, the Ethics Officer created and implemented "EticaMente!" in 2020, the *onlinetraining* project for employees, agents and agency staff. Created with the "Unica-Unipol Corporate Academy", the aim of the course was to guarantee the widespread dissemination of awareness of the Charter of Values and the Code of Ethics throughout the group, completing a general training course that had started with the classroom courses for Managers. "EticaMente!" was created using agile training methods to meet the main



requirement of ensuring that users understand the crucial importance of the concrete application of value-based and ethical aspects in their day to day activities, in accordance with a framework already adopted in the courses for the Managers.

In conclusion, 2020 was a crucial year for the strengthening of the Unipol Group, also in terms of visibility and widespread awareness of the role of the Charter of Values and Code of Ethics as an inescapable point of reference for the growth and success of an innovative, transparent and socially responsible culture common to all employees, agents and partners within the Group and to all *stakeholders*.

Therefore, the Ethics Committee is hereby informed that there is full consistency between the principles declared in the Code and company management, also in accordance with article 2.2 of the Code of Ethics.



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