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UnipolSai Assicurazioni **Sustainability Report**2019

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KEY INDICATORS

		UnipolSa	ai Group
Area	Indicators	2019	2018
Governance	Percentage of independent BoD members according to Consolidated Law on Finance and the Code of Conduct	65%	61%
	Percentage of women on BoD	35%	33%
Financial Performance	Direct insurance premiums (€m)	14,014	11,718
	Non-Life premiums (€m)	8,167	7,892
	Life premiums (€m)	5,847	3,826
	Loss ratio - net of reinsurance (Ratio between claims and premiums in direct business)	66.3%	67.0%
	Combined ratio net of reinsurance	94.2%	94.3%
	Consolidated net profit (€m)	655	948
	Value of real estate assets (€bn)	3.8	3.8
- Protection of customers	Number of customers and policyholders (m)	16.1	15.4
	Number of customers - individuals (m)	15.2	14.5
	Number of customers - legal entities (m)	0.9	0.9
	Claims settlement rate for the current year (MV Segment UnipolSai Assicurazioni)	82.3%	82.8%
	Amount of products with social and environmental value (€m)	2,416	2,105
	Customer Satisfaction Index (CSI) MV sector UnipolSai vs Market standard	94.2 (UnipolSai) vs 93.7 (mkt std)	91.1 (UnipolSai) vs 91.9 (mkt std)
	Percentage of claims channelled with direct repair services (Auto Presto&Bene)	35%	34%
	Impact of fines paid to IVASS on the total Non-Life premiums	0.005%	0.013%
Distribution Network	Number of agencies	2,610	2,753
	Number of sub-agencies	5,585	5,615
	Number of bancassurance branches	5,547	5,489
	Primary network agency partners in Italy	31,978	32,753
	Direct investment in Unipol Group Academy for network training (€m)	3.3	2.3
	Total number of training hours supplied by the Academy	1,125,813	1,171,977
Investments	Amount of class C, D debt instruments and equity securities and assets subject to environmental and social monitoring (€bn), not including UCIs, on own account	50.8	45.6
	Percentage of assets deemed sustainable following monitoring (not including UCIs, on own account)	98.6%	98.2%
	Total thematic and impact investments (€m)	385.3	326.3
- Employment	Total number of employees	12,274	11,935
	Permanent staff	95.7%	96.3%
	Percentage of women	53.9%	53.8%
	Percentage of women employees in a position of responsibility	26.9%	26.5%
- Suppliers	Total number of suppliers	4,700	5,950
	Percentage of expenditure on suppliers in the register	38%	37%
	Percentage of amount paid to Italian suppliers	98%	97%
- Community	Total amount of contributions to the community (€m)	9.4	9.1
	Contributions to the community as a percentage of pre-tax profit	1.1%	0.7%
Environmental	CO ₂ Emissions - Scope 1 (tons)*	9,980	8,924
Performance	CO₂ Emissions - Scope 2 (tons)*	38,668	38,937
	CO_2 Emissions per employee	4,240	4,321
	emissions was extended to the operating sites of the medical and healthcare business, while there were no reports		

* in 2018, the scope for recognising emissions was extended to the operating sites of the medical and healthcare business, while there were no reports on the operating sites of the CarServer company, acquired by UnipolSai during the second half of 2019.

PROCEDURAL NOTE

Overall summary of the Reports

The Sustainability Report provides an extensive and transparent description of the role and responsibilities of the UnipolSai Group with respect to its stakeholders, with measurements of the results obtained in relation to the commitments assumed regarding the protection of customers, the development of employees and the attention paid to the reference community and, more generally, to society.

The Sustainability Report is complemented by the other Unipol Group documents, which offer a snapshot of financial and integrated market performance with assessments of risks and opportunities that will influence the medium- and long-term development of the business: the Integrated Report provides an overview that brings together all the information contained in the traditional consolidated financial statements and the environmental, social and governance performance records; the "Unipol and climate change: reporting climate-related information" Report contains climate-related information and data (financial and non-financial), with reference to the recommendations issued by the Task Force on Climate-related Financial Disclosures and the European Commission's "Guidelines on reporting climate-related information".

As a methodological reference, the information published in this Report used the "Sustainability Reporting Standards" issued in 2016 by the Global Reporting Initiative (GRI), with a "GRI Referenced" approach. Moreover, there are reports of certain indicators from the Sector Disclosure Financial Services, contained within the GRI G4 guidelines (refer to the reference table for more details).

Basis of reporting

The UnipolSai Group Sustainability Report is drawn up every year in keeping with a time schedule aligned with that of the Consolidated Financial Statements. This reporting period is 1 January to 31 December 2019. In addition, certain information has been added concerning events after the reporting date, where significant and available.

The reporting scope includes the fully consolidated companies in the Group's Consolidated Financial Statements at 31 December 2019. Exceptions to the scope are duly described in the relevant sections of the document: for certain data, it was deemed that the scope of companies operating in Italy or those in the core financial-insurance sector was most significant, with this indicated specifically. In order to make it easier to understand the Group's performance, the information is accompanied by a comparison with the previous year where significant. In some cases, in relation to specific, limited fields and for reasons associated with information availability and Financial Statements reporting dates, the figures shown are the result of estimates adopted on the basis of values recorded in previous years.

Document structure

The Sustainability Report begins with a description of the Group's identity, the strategies defined for the 2019-2021 three-year period through the "Mission Evolve – Always one step ahead" Strategic Plan and the material topics. The "Governance" chapter contains the fundamental aspects of corporate governance and of the systems for monitoring and supervising so-called "ESG" (Environmental, Social and Governance) factors.

With reference to the topics considered priority following the materiality analysis, the Group's performances were reported by taking account of the various "roles" that UnipolSai plays in the conducting of its activities: insurance company, key player in the financial sector, employer, social agent.

Data processing procedure and methods

The data collection and drafting of the document is coordinated by the Sustainability Function and involves all corporate Departments and Group companies, with the support of an inter-functional working group that has been operational for some years now and is kept constantly involved.

The data necessary for compiling the performance indicators and drafting the document is collected through a dedicated information system which makes it possible to guarantee the robustness and full traceability of the data collection and consolidation process; over 160 people (data sources and approvers), from all the Group's corporate Departments, were involved through the system, each according to his or her role and competences.

The content of the Report is supplemented throughout the year with additional information published in the "Sustainability" section of the www.unipol.it website.

GRI CONTENT INDEX

GRI CONTENT INDEX GRI Standard	GRI Disclosure	Material issue	Page reference of Sustainability Report	
	11-1	Standards		
GRI 102 General Disclosures	Universal Stakeholder engagement (102-40, 102-42, 102-43, 102-44) Reporting practice (102-45, 102-46, 102-47, 102-48, 102-49, 102-50, 102-51, 102- 52, 102-53, 102-54, 102-55, 102-56)	Stanoaros	Pag 4: Overall summary of the Reports Pag 4: Document structure Pag 10: Stakeholder engagement tools and processes Pag 11: The material topics	
GRI 102 General Disclosures	Organizational profile (102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-7, 102-8, 102-9, 102-10, 102-11, 102-12, 102-13)	 Development of human capital Development of partnerships with public and private players Customer centricity Relations with the agency 	Pag 7: The Group's identity Pag 35: Customers Pag 47: The geographical presence of the distribution network Pag 60: Employees Pag 71: Suppliers	
GRI 102 General Disclosures	Strategy (102-15)	 Product and service innovation Customer centricity Solutions that promote sustainable and responsible conduct Contribution to sustainable development in the various spheres of influence Actions for adaptation to and mitigation of climate change 	Pag 7: "Mission Evolve": the 2019-2021 strategies	
GRI 102 General Disclosures	Ethics and integrity (102-16, 102-17)	 Fair and responsible business competition Diversity management 	Pag 19: Sustainability governance and monitoring of environmental, social and corporate governance risks Pag 21: Integrity in doing business Pag 21: Organisation and Management Model, pursuant to Legislative Decree 231/2001	
GRI 102 General Disclosures	Governance (102-18, 102-20, 102-21, 102-22, 102-23, 102-29, 102-30, 102-31, 102-35)	 Fair and responsible business competition Risk and control culture Fairness in the sale of products and services Farsightedness in responsible capital and remuneration management Diversity management Data protection and leveraging 	Pag 15: The Corporate Governance system Pag 19: Sustainability governance and monitoring of environmental, social and corporate governance risks Pag 10: Stakeholder engagement tools and processes Pag 11: The material topics Pag 29: Remuneration policies	
GRI 102 General Disclosures	Stakeholder engagement (102-40, 102-42, 102-43, 102-44)	 Risk and control culture Farsightedness in responsible capital and remuneration management 	Pag 10: Stakeholder engagement tools and processes Pag 11: The material topics	
GRI 102 General Disclosures	Reporting practice (102-45, 102-46, 102-47, 102-49, 102-50, 102-51, 102-52, 102-55)	Risk and control culture	Pag 4: Basis of reporting Pag 7: The Group's identity Pag 11: The material topics	
	Specific Standards			
GRI 200: Economic	Economic performance (201-2, 201-3)	 Actions for adaptation to and mitigation of climate change Farsightedness in responsible capital and remuneration management 	Pag. 7: "Mission Evolve": the 2019-2021 strategies Pag. 51: Investment policies Pag. 67: The welfare system	

GRI 200: Economic	Economic performance (201-2, 201-3)	 Actions for adaptation to and mitigation of climate change Farsightedness in responsible capital and remuneration management 	Pag. 7: "Mission Evolve": the 2019-2021 strategies Pag. 51: Investment policies Pag. 67: The welfare system
GRI 200: Economic	Indirect economic impact (203-1, 203-2)	 Contribution to sustainable development in the various spheres of influence Product and service innovation Solutions that promote sustainable and responsible conduct 	Pag. 37: The impacts of climate change on the insurance business Pag. 37: Solutions of shared value Pag. 41: Technology to support protection
GRI 200: Economic	Procurement practices (204-1)	 Contribution to sustainable development in the various spheres of influence 	Pag. 72: Supply chain management
GRI 200: Economic	Anti - corruption (205-1)	Risk and control culture	Pag. 22: Combating corruption
GRI 200: Economic	Anti-competitive Behavior (206-1)	Fairness in the sale of products and servicesRisk and control culture	Pag. 25: The protection of fair competition
GRI 300: Environmental Topic	Energy (302-1, 302-3, 302-4)	 Actions for adaptation to and mitigation of climate change Contribution to sustainable development in the various spheres of influence 	Pag. 79: Environmental impacts
GRI 300: Environmental Topic	Water (303-5)	 Actions for adaptation to and mitigation of climate change Contribution to sustainable development in the various spheres of influence 	Pag. 79: Environmental impacts
GRI 300: Environmental Topic	Emissions (305-1, 305-2, 305-3, 305-4, 305-5)	 Actions for adaptation to and mitigation of climate change Contribution to sustainable development in the various spheres of influence 	Pag. 79: Environmental impacts
GRI 300: Environmental Topic	Compliance ambientale (307-1)	Risk and control culture	Pag. 25: Sanctions
GRI 300: Environmental Topic	Valutazione ambientale dei fornitori (308-1)	Risk and control culture	Pag. 72: Supply chain management

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GRI Standard	GRI Disclosure	Material issue	Page reference of Sustainability Report
GRI 400: Social Topics	Employment (401-1, 401-2)	 Development of human capital Sharing of a common corporate culture Diversity management 	Pag. 60: Employees Pag. 67: The welfare system
GRI 400: Social Topics	Occupational Health and Safety (403-1, 403-2, 403-5, 403-6, 403-7, 403-8, 403-9, 403- 10)	Risk and control culture	Pag. 65: Employees' health and safety
GRI 400: Social Topics	Training and Education (404-1, 404-2)	 Development of human capital Sharing of a common corporate culture Diversity management Financial inclusion and financial education 	Pag. 63: Training, development and enhancement of employees
GRI 400: Social Topics	Diversity and Equal Opportunity (405-1, 405-2)	Development of human capitalDiversity management	Pag. 18: The Internal Control and Ris Management System Pag. 60: Employees
GRI 400: Social Topics	Non discrimination (406-1)	Diversity management	Pag. 64: The promotion of equal opportunities
GRI 400: Social Topics	Freedom of Association and Collective Bargaining (407-1)	Sharing of a common corporate culture	Pag. 70: Industrial relations
GRI 400: Social Topics	Child Labor (408-1)	Fair and responsible business competition	Pag. 51 Investment policies Pag 70: Supply chain management
GRI 400: Social Topics	Human Rights Assessment (412-3)	Fair and responsible business competition	Pag. 28: Human Rights Pag. 72: Supply chain management
GRI 400: Social Topics	Marketing and Labeling (417-3)	Fair and responsible business competition	Pag. 25: The protection of fair competition Pag. 43: Relations with customers
GRI 400: Social Topics	Customer Privacy (418-1)	Data protection and leveraging	Pag. 24: Responsible data manageme
GRI 400: Social Topics	Socio economic Compliance (419-1)	Risk and control culture	Pag. 25: Sanctions
		ASPECT - SOCIETY	
Product Portfolio Financial Services	Product Responsibility	Product and service innovation Solutions that promote sustainable and	Pag. 37: Solutions of shared value

Product Portfolio Financial	Product Responsibility	 Product and service innovation Solutions that promote sustainable and	Pag. 37: Solutions of shared value
Services	(FS07, FS08)	responsible conduct	
Active Ownership Financial	Product Responsibility	 Actions for adaptation to and mitigation of	Pag. 51 Investment policies
Services	(FS11)	climate change	
Local Communities Financial Services	Product Responsibility (FS14)	 Financial inclusion and financial education Development of partnerships with public and private players 	Pag. 37: Solutions of shared value Pag. 41: Financial Inclusion Pag. 75: The Community

IDENTITY AND STRATEGY

The Group's identity

The UnipolSai Group operates in four sectors (insurance, real estate, hotels and "diversified"); a national leader in Non-Life insurance, it is able to offer customised and innovative solutions to everyday needs and the long-term plans of households and companies alike, thanks to its proximity to the customer and its widespread professional agency network.

In the insurance sector, UnipolSai Assicurazioni SpA is the main Insurance Company, supported by specialised companies: UniSalute, specialised in the Health segment (Health and Assistance businesses); Linear, a company specialised in the direct sale, through the internet and call centres, of products from the MV segment; SIAT, which operates in the Transport segment, with corporate customers reached mainly through brokers.

Outside Italy, UnipolSai operates in Serbia, through the subsidiary DDOR Novi Sad.

The Group oversees the bancassurance channel through the joint ventures established with leading Italian banks. During 2019, UnipolSai placed Life products through the branches of Unipol Banca, now incorporated into BPER Banca. The companies **Arca Assicurazioni** and **Arca Vita** distribute their products through the branches of banks with which suitable conventions have been signed, the most important of which include BPER and Banca Popolare di Sondrio; **BIM Vita** through agreements with Banca Intermobiliare, Banca Consulia and, as regards after-sales alone, with Cassa di Risparmio di Fermo; **Incontra Assicurazioni** thanks to agreements with the Unicredit Group.

The companies specialised in reinsurance are **UnipolRe**, which offers reinsurance services to small and medium-sized enterprises with registered office in Europe and **Ddor Re**, a Serbian reinsurance company.

The Group also contains companies that offer services crucial to the insurance business which characterise and distinguish Unipol's insurance offer through direct and integrated governance of the service processes:

- Auto Presto&Bene, a network of repair shops located throughout the country and offering MV policyholders certified repairs with no cash advance;
- APB Car Service (MyGlass), for glass repair and replacement services;
- Car Server for the management of fleets of company vehicles and long-term car rental;
- Pronto Assistance Servizi PAS, for assistance services dedicated to customers, professionals and Group agencies, concerning the provision of technical and commercial information, marketing activities and the collection of reports regarding any disruptions or complaints;
- AlfaEvolutionTechnology, the provider of telematic services for UnipolSai and other Group companies.

Real Estate Sector: the Unipol Group manages real estate assets of €3.8bn, in line with the previous financial year.

Holding and Other Businesses Sector: the Group operates in the Italian hotel sector through the subsidiary UNA Group, with assets of 38 hotel facilities (hotels, residences and resorts), 32 of which are run directly or through management and 6 affiliates operated through franchising agreements in some of the largest cities and most famous tourist sites in Italy. Tenute del Cerro, owner of approximately 5,000 hectares of land in central Italy and active in the production of high-quality wine, operates in the agricultural sector. The Group operates in the health segment through the Villa Donatello Nursing Home (Florence) and the multi-speciality Dyadea centres.

Leithà is the company specifically dedicated to innovation.

"Mission Evolve": the 2019-2021 strategies

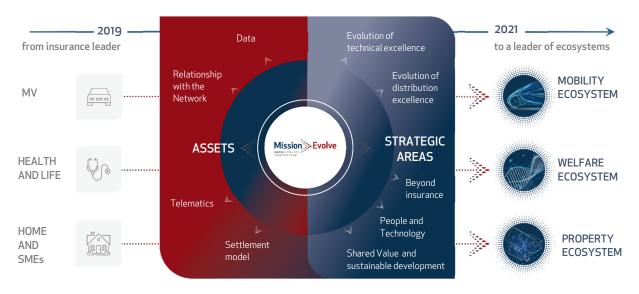
In May 2019, the Unipol Group presented its 2019-2021 Strategic Plan entitled "Mission Evolve – Always one step ahead". The objective of the Strategic Plan is to reinforce Unipol's leadership over the three-year reference period, paving the way for confirming its supremacy over the time frame of the plan.

Today Unipol is the leader in the Italian insurance sector, with 16 million customers and a market share of 25% in MV TPL and 23% in the Health Business. Over time, the Group has developed and implemented strategies which have enabled the creation of value and the construction of distinguishing assets, such as:

- the widespread presence and professionalism of the leading distribution network in Italy, with over 8,500 points of sale and 30,000 intermediaries, which relies on a Company/Agents Supplementary Agreement based on the only partnership rationale of its kind in the insurance sector: "Patto UnipolSai 2.0";
- the quality and speed of the settlement model, with outstanding customer payout times;
- the use of telematics and data as a distinguishing element to benefit customers in terms of offer, efficiency of settlement processes and development of pricing models.

The strategic framework defined with the "Mission Evolve" Plan envisages evolving from a major insurance player to an ecosystem leader in the mobility, welfare and property fields.

Mission Evolve: Strategy Framework



Relying on its distinguishing assets, the Strategic Plan is structured into five strategic components:

- "Development of technical excellence" to ensure the profitability of the business through the ongoing search for ever more advanced levels of excellence, by exploiting the technical and technological leadership in the pricing, risk selection and settlement capacity fields.
- II. "Development of distribution excellence" through the development of the UnipolSai brand as a service leader, increasing the frequency and effectiveness of contacts with customers, maximising the commercial efficiency of the leading Italian insurance network with new professional figures and the integrated support of remote channels and the development of Bancassurance and Partnerships.
- III. "Beyond insurance" with the objective of becoming a point of reference in the insurance world and beyond for private mobility, welfare and property needs, by offering customers an ecosystem of expertise and assets integrated at Group level.
- IV. "People and technology", with investments to increase the speed of developing the operating model geared towards simplification and efficiency.
- V. "Shared value and sustainable development" to create shared value for the Group and its stakeholders and to contribute to achieving the SDGs by reducing underinsurance and developing products and services that increase the safety, security, resilience and sustainability of people, companies, cities and territories.

The Mobility ecosystem provides for the launch of new mobility solutions, thanks, *inter alia*, to long-term rentals, the online secondhand vehicle platform and mobility payments, along with further developments of the MV Telematics technological centre of excellence. The 2021 objectives are: 5 million UniBox devices installed, 60,000 long-term rental agreements and over 250,000 customers using the UnipolSai app for digital mobility payments.

The Welfare ecosystem provides for the offer of new solutions thanks to the *flexible benefit* platform (with the target of 3,000 companies signed up by 2021), the Internet of Things (IoT) and telemedicine, as well as solutions to optimise the private healthcare

expenses of Italian households (with the distribution of 300,000 SiSalute cards for the intermediation of health services over the time frame of the Plan).

Lastly, the Property ecosystem envisages development of the integration between insurance, home automation and service according to an open architecture rationale, as well as further developments in other areas of synergy for the Group (such as real estate) and the development of utilities. The Group's aim is to reach 5 million real estate units by 2021 in which technological solutions can be developed.

Shared value and sustainable development in the 2019-2021 Strategic Plan

The 2019-2021 Plan integrates, into its strategic objectives, the **creation of shared value and the contribution to sustainable development**, based on the conviction that the opportunities and well-being of the customers and people who interact with Unipol every day are essential conditions for the Group's capacity to develop the market and ensure sustainable success.

This integration is the result of the approach adopted during the phase of defining the Strategic Plan, when every action among those hypothesised was analysed by the relevant manager with regard to two aspects: its potential for creating shared value and its potential for achieving one or more SDGs. In this way, the culture of sustainability among business functions has been reinforced and a contribution made to gearing actions towards sustainability and shared value.

Some of the most significant actions in this sense include:

- the development of predictive models for climate risk aimed at companies to increase the resilience of various sectors and support adaptation to climate change;
- the development of market offers that promote sustainable development models through the innovative use of the IoT, with a particular focus on urban areas, to improve the **sustainability of cities**;
- the definition of **accessible solutions for the integration of public welfare**, by extending protection to broader brackets of the population and implementing prevention measures, in order to expand and improve the welfare offer.

In the strategic planning phase, the Group identified the SDGs it would undertake to achieve as a priority: Goal 3"Good Health and Well-being", Goal 8"Decent Work and Economic Growth" and Goal 11"Sustainable Cities and Communities".

THE GOALS IN 2021	DESCRIPTION OF THE GOAL	DATA AT 31/12/2019	TARGET 2021	SDG
IMPACT OF PRODUCTS WITH ENVIRONMENTAL AND SOCIAL VALUE	Increased penetration for products with a social and environmental impact in the overall insurance portfolio.	25%	30%	
PENETRATION AMONG CITIZENS OF WELFARE COVER	Percentage of the Italian population with Life&Health cover from the Group.	11.3%	12%	3 GOOD RATH AND RALEBRO
FINANCE FOR SDGs	Increase in the amount of thematic investments for SDGs. Investments to support the 2030 Agenda, in accordance with the European criteria for sustainable finance.	€ 385.3 m	€ 600 mln	
RATE OF MONITORING OF POINTS OF CONTACT WITH THE CUSTOMER	Monitoring of the quality of the relationship during the moments of contact with the Group throughout the customer journey. Percentage of customer journey events monitored through the Net Promoter	53%	75%	8 BOOM FROM AND COMMENDE CONTROL
CO2 EMISSIONS/ EMPLOYEE	Average production of CO2 per employee for all Group companies.	-5.4	-7%	13 dinate
REPUTATION INDEX	Public perception of the company. Reputation score among the general public, according to the RepTrak® Model.	69.7 compared with 63.9 sector average	> Insurance sector average	

Stakeholder engagement tools and processes

In 2019, the Group implemented major listening and direct involvement actions with the stakeholders. Discussion and dialogue with stakeholders are structural elements of the Group's way of doing business, with the goal of understanding and responding to needs effectively, improving its service capacity and ensuring accessibility and transparency through its dealings.

Stakeholders	Channels	lssues
EMPLOYEES	Focus Group	Construction of the materiality matrix
	Focus Group and Surveys	Work-related stress
	Shareholders' meetings and trade union meetings	Regulatory, economic and support conditions
	Surveys	Corporate welfare
	Surveys	Flexible working
	Intranet Community Platform	Training, Services and Utility
	Annual survey based on the Rep Trak® model	Reputation
SHAREHOLDERS	Shareholders' meeting	Performance and trends
	Periodic reporting	Performance and trends
	Website and social media	Performance and trends
CUSTOMERS	Individual interviews and Surveys	Construction of the materiality matrix
	Focus Group with trade associations	Definition of product characteristics
	Periodic Customer Satisfaction Index surveys	Listening and customer satisfaction levels
	Net Promoter Score	Customer experience assessment
	Website and social media	Products and services mix
	Annual survey based on the Rep Trak® model	Reputation
AGENTS	Meetings with the Agent Group chairmen Operations work groups Technical Committees Agent Groups Focus Group	Strategic objectives and improvement of decision-making processes Product development Business initiatives Construction of the materiality matrix
	Business Roadshow	Results and Objectives Action Plan Business reliability
	Network satisfaction monitoring survey	Satisfaction and loyalty
	Annual survey based on the Rep Trak® model	Reputation
SUPPLIERS AND Individual interviews		Construction of the materiality matrix
BUSINESS PARTNERS	Partnerships	Research and Innovation
	Suppliers portal	Management, Selection, Periodic Assessment ar Monitoring
COMMUNITY	Individual interviews with NGOs	Construction of the materiality matrix
	Interviews with interest protection associations	Construction of the materiality matrix
	Partnerships with universities	Recruitment, Research and Innovation
	Annual survey based on the Rep Trak® model	Reputation
	Surveys with Local Member Organisations	Construction of the materiality matrix
FINANCIAL COMMUNITY	Meetings with Investors	Strategy and Performance
	Questionnaires to SRI rating agencies	Sustainability Strategy and Performance
	Meetings with sector associations	Sector issues
	Annual survey based on the Rep Trak® model	Reputation
INSTITUTIONS	"ORA- Open Road Alliance" Project	Participatory project on sustainable mobility
	"Welfare, Italia" project	Advocacy on White Economy opportunities
	Issue-specific meetings with the legislator and regulators	Legislation and Regulations
	Annual survey based on the Rep Trak® model	Reputation

The "Mission Evolve – Always one step ahead" 2019-2021 Strategic Plan was the subject of a presentation process during the year, aimed not only at the financial community but also at other key Group stakeholders.

All Group employees were involved through four presentation events (in Milan, Rome, Turin and Bologna), aimed at sharing the objectives and motivations of the Three-Year Plan, which were attended by 6,641 people. A further stage of the process, which also took place in Bologna, was aimed at agents.

The roadshow was enhanced with 7 local meetings, attended by 250 people, dedicated to Unipol Regional Councils (CRU) composed of representatives of Member Organisations, which are the main employee associations (CGIL, CISL and UIL confederal trade unions), the self-employed and small and medium-sized enterprises (CNA, Confesercenti and CIA) and cooperatives (Legacoop), with the objective of reinforcing the structured relationship with these actors and the possible development of joint projects within the key frameworks of the Strategic Plan.

The material topics

The growing number of requests for transparency addressed to companies (some of which represent regulatory requirements, while also constituting recommendations that significantly influence the assessment that stakeholders give of such companies) are characterised by the focus on the aspect of **materiality**. The company is asked to identify topics of corporate, social and environmental governance of relevance for understanding how it acts and what are the main impacts it causes on its context.

This identification is the fruit of a structured process, the **materiality analysis**, which, in the Unipol Group's vision, is closely linked to and influenced by the **strategic planning** processes. In conjunction with the drafting of the 2019-2021 Strategic Plan, a new analysis was therefore conducted, forming the basis of the non-financial reports for the three-year period during which the Plan will be implemented.

The process was launched by creating a **tree of the sustainability topics of significance for the sector and for the company**, developed from the findings produced by the **Reputational & Emerging Risk Observatory**.

The assessment of the themes of relevance for the company, which identified the priorities in relation to the internal dimension, was conducted in consideration of the corporate model, the strategy and the main risks, as well as the impacts of the country's activities. In order to assess this area, documentary sources were used, such as the Strategic Plan and the study produced by The European House – Ambrosetti on the non-financial impacts generated by the Group. In addition, the Managers of the Key Functions and the Top Management were consulted. The results were validated by the Chief Executive Officer and Group CEO.

As regards relevance for stakeholders, the order of priority of the topics was defined through a set of activities aimed at taking into consideration:

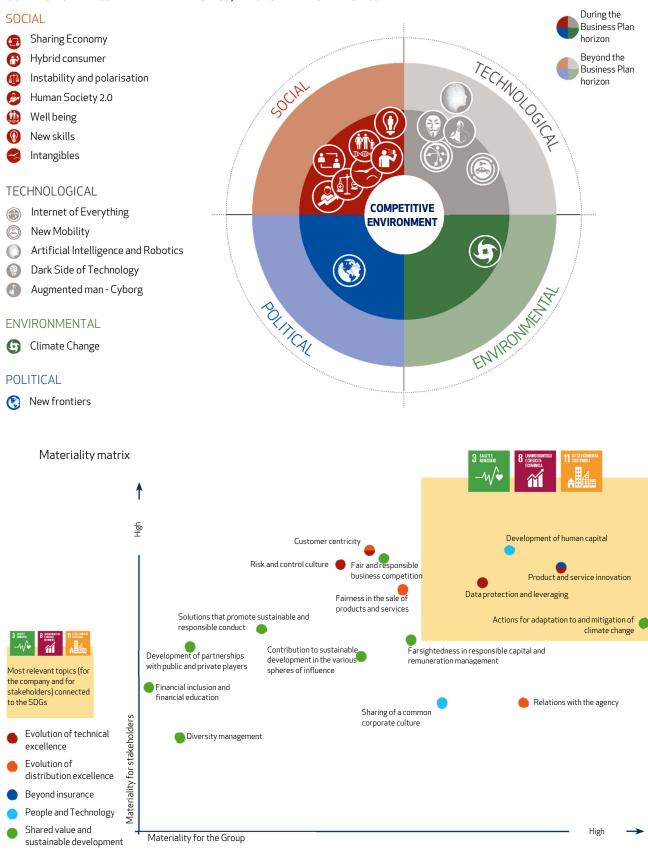
- the interests and expectations of the interested parties; to this end, in 2019 the Group developed a structured listening process which involved corporate and retail customers, employees and agents, representatives of organisations which comprise the Unipol Regional Councils, suppliers and opinion leaders;
- key issues in the sector, public policies and regulatory stimuli; to this end, a number of contributions from the European Commission, EIOPA and other sectoral and transversal bodies were assessed.

Lastly, the materiality matrix was approved by the Board of Directors.

The topics subject to analysis, represented hereinafter in connection with the five strategic guidelines of the 2019-2021 Plan, were acknowledged as relevant both as regards the internal dimension and, to an even greater extent, based on comparison with the external environment; they will all therefore be taken into account, with a different weighting in relation to their significance with respect to the two dimensions. There will be a particular focus on topics located in the top-right quarter of the matrix, which represent fundamental areas of work through which the Group intends to contribute to achieving the three Sustainable Development Goals identified by the Strategic Plan.

With particular reference to the "**Measures for adapting to and mitigating climate change**" material topic, in order to define the areas of impact for which reports are necessary, the Group took as reference points both the TCFD Recommendations and the European Commission Guidelines on reporting climate-related information, which explain the expectations of stakeholders with regard to the insurance sector. The Sustainability Report thus contains a summary of both the aspects relevant from a financial point of view and those significant from an environmental and social perspective ("double materiality"). In defining the priority content, account was also taken of additional contextual requests (expressed, for example, in the CDP questionnaire and surveys of SRI analysts) and specific in-depth analyses were conducted with opinion leaders with specialised knowledge in this field.

CONNECTION BETWEEN MATERIAL TOPICS, MACRO TRENDS AND SDGs



Our Sustainability Process

Approval

2019 sees the addition of a stage to the long process, launched in 1993, which includes actions, tools and commitments that have defined the Group's Sustainability model over time. All the areas of intervention of the Sustainability strategy are based on the Vision and the Mission.



Approval of the 2019-2021 integrated

Integration of ESG risks into the Life/Non-Life Underwriting Policies, the Investment Policy and the Outsourcing and Supplier Selection Policy.

to the Principles for Responsible Investment (PRI).

Inclusion of the UnipolSai security on the FTSE4Good Index.

Publication of the first Integrated Report of Unipol Gruppo.

Separation of the Sustainability from Ethics the Committee to further strengthen the integration of sustainability into

2009

Establishment of the Ethics Committee within the Board of Directors and approval of the Code of Ethics.

Publication of the first Unipol Assicurazioni Social Report.

Managing reputation

The trust built up over time by the Unipol Group is considered a fundamental *asset* for continuing to evolve successfully, in an insurance business whose very opportunities for development lie in such trust.

Unipol launched its Reputation Management programme in 2014, gradually structuring its internal oversights until the formalisation (at the beginning of January 2020) of an **integrated governance model**, which clearly identifies the processes to implement and the parties involved, with the objective of ensuring even more effective management of the Group's reputation and of reputational risk. In particular, two dedicated bodies have been established:

- The Reputation Network, composed of the managers of the company areas that monitor the Group's risks with all internal and external stakeholders, which is tasked with guaranteeing the proactive management of reputation and reputational risk, by contributing to the development of a reputational culture within the Group and the accountability of the reputational index, inserted into the company incentives system (see the "The remuneration and incentive system" paragraph);
- the **Reputation Management Operating Team**, composed of the Media Relations and Emerging and Reputational Risk functions, which coordinates the Reputation Management activities of the Unipol Group (including as regards the impact of ESG factors on reputation (see the "Monitoring social, environmental and governance risks" paragraph).

The proactive management of reputational risk is centred on the prompt reporting of risk indices connected with values and the *core business* of the company which may be featured in the media, including social networks, or within the context of everyday operations.

As a result of this structured approach, the reputational index of the Unipol Group in public opinion in Italy, measured according to the *RepTrak*® analysis model developed by the Reputation Institute, rose in 2019 to a score of 69.7¹ (+0.7 points compared with 2018) on a scale of 100 points. This value lies in a "moderate" reputational bracket.

The strengths of Unipol's reputation, according to the perception of the *general public*, are its products and services, which are considered reliable; the prompt management of claims and the high level of customer assistance; the research and development of technological solutions; financial solidity and strong growth prospects.

The reputation index recorded among the Group's employees rose by 3 points compared with 2018, to a score of 81.4. The reputation among agents also shows an improvement compared with the previous year, with a result of 89.4 compared with 82.2 in 2018, continuing a trend which began in the previous years.

The positive reputation among customers was confirmed: in 2019, it secured a score of 77.2 (compared with 74.8 the previous year), indicating a "strong" reputational value on a scale of 1-100.

The presentation of the Strategic Plan in May reinforced, among both internal stakeholders (employees and agents) and the financial community, the perception of a company with strong growth prospects and a clear and innovative vision of the challenges posed by the insurance market.

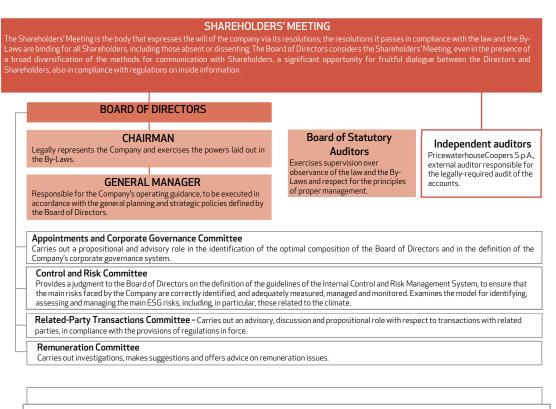


For a detailed analysis that illustrates the strategic and proactive approach to emerging and reputational risks, see the "Reputational & Emerging Risk Observatory" and "Reputation Management" section of the unipol.it website.

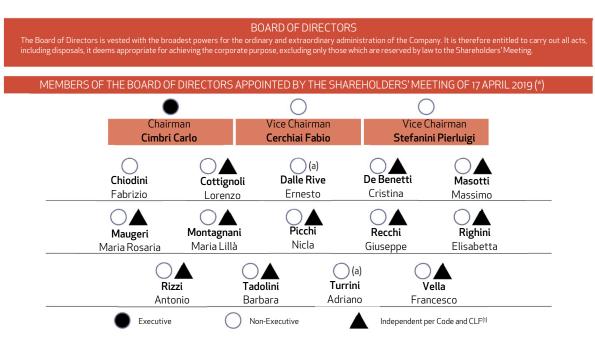
 $^{^{\}rm 1}$ The index is the average of the monthly findings generated over the course of the year.

GOVERNANCE

The Corporate Governance system

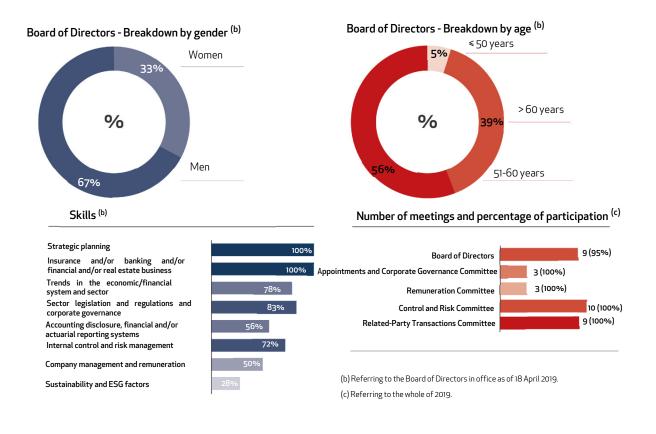


The parent Unipol Gruppo S.p.A., in line with its policy and control role, has the **Ethics Committee**, composed exclusively of independent directors, and the **Sustainability Committee**, chaired by the Chairman of the Board of Directors and with two independent directors as members, offering advice, suggestions and resolution proposals as illustrated later in the "Sustainability Governance and the monitoring of environmental, social and corporate governance" paragraph.



(*) At the date of this Report, the administrative body consisted of 17 Directors, following the premature demise of Director Francesco Berardini

 (1) Indicates whether the Director has been classified by the Board of Directors as independent in accordance with the criteria laid out by the Corporate Governance Code and at the same time meets the requirements established by Art. 148, paragraph 3 of the Consolidated Law on Finance.
 (a) Directors excluded, with reference to the year 2019, from the group of Independent Directors since they hold roles within the corporate bodies of the direct parent Unipol Gruppo S.p.A. pursuant to Art. 16 of the CONSOB Markets Regulation.



For detailed information, please refer to the Report on Corporate Governance and Ownership Structures, available in the "Governance" section on the UnipolSai website

Relations with Shareholders

The Company is controlled by Unipol Gruppo SpA, pursuant to Art. 2359, paragraph 1, number 1) of the Civil Code.

Shareholding structure



Source: Governance, Legal Affairs and Human Resources Co-General Manager at UnipolSai

Maintaining and developing a policy of shareholder dialogue is a priority for UnipolSai, which, in this sense, has relied for some time now on a Regulation for the orderly and functional running of Ordinary and Extraordinary Shareholders' Meetings.

The Group's capital management strategies and objectives are outlined in the "Capital Management and Dividend Distribution Policy", which describes the reference context and the capital management and dividend distribution process, including in terms of the roles and responsibilities of the stakeholders involved; the document also identifies the guidelines for managing capital and distributing dividends or other elements of own funds in line with the return on capital objectives and with the propensity to risk defined by the Board of Directors.

The financial statements of UnipolSai at 31 December 2019, drawn up in accordance with national accounting standards, showed a profit of €701.2m.

The Board of Directors of UnipolSai proposes that the Ordinary Shareholders' Meeting assign \in 0.160 per ordinary share as a dividend, giving a total amount, considering the treasury shares held, of \in 453m.



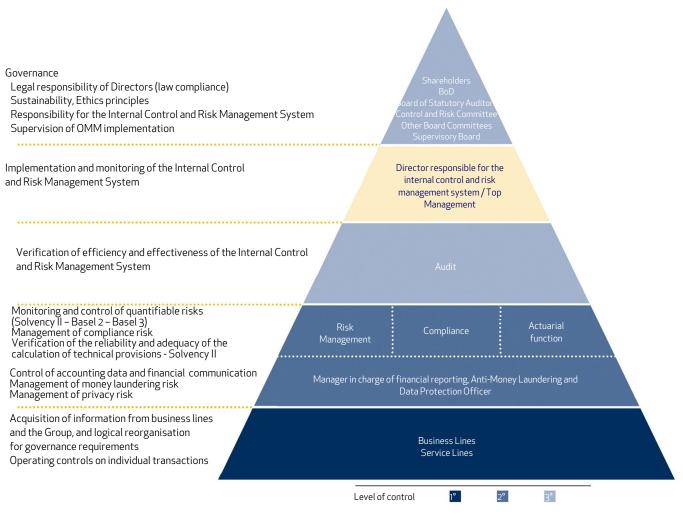
For detailed information, refer to the Governance – Shareholders' Meeting section on the website <u>http://www.unipolsai.com/it</u>

The Internal Control and Risk Management System

The internal control and risk management system (hereinafter the "System"), a fundamental element of the overall corporate governance system, is composed of a set of rules, procedures and organisational structures aimed at ensuring constant oversight for the identification, governance and control of risks connected with the activities performed and at enabling the sound and prudent management of the Group².

The following diagram provides a simplified view of the Group's Risk and Control Governance Model.

The Risk and Control Governance Model



For a detailed description of the Internal Control and Risk Management System, please refer to the "Annual Report on Corporate Governance and Ownership Structures for 2019", available in the "Governance" section of the Unipol Group's website.

² The guidelines for defining the Internal Control and Risk Management System of the Unipol Group are contained in the Group's corporate governance directives defined by the Unipol Board of Directors and periodically updated.

Through the Internal Control and Risk Management System and the adoption of corporate policies and guidelines, the Group measures and manages the risks to which it is exposed, including as a result of its strategic decisions, taking into consideration the various business areas and applicable regulations.

In particular, the risk management strategies and objectives of the UnipolSai Group and of the consolidated companies of the UnipolSai Group are indicated in the **"Risk management policy**". The risk management process is also defined, with reference to the identification, assessment, control and mitigation of the risks, as well as the roles and responsibilities of the corporate bodies and departments involved in the process.

The risk identification, assessment and monitoring processes are carried out on a continuous basis to take account of any intervening changes to the nature and extent of the business and the market context, whether this gives rise to new risks or changes existing ones.

The entire organisation is required to make an active contribution to the effectiveness of the Internal Control and Risk Management System. The Company Bodies and Top Management of the Group Companies promote the dissemination of a control culture which makes staff at all levels aware of their role, including in relation to control activities, and facilitates the involvement of all corporate structures in the pursuit of the company's objectives and the creation of value.

Sustainability governance and monitoring of environmental, social and corporate governance risks

The responsibility for defining sustainability objectives and monitoring the associated risks for the UnipolSai Group is assigned to the Board of Directors, supported by the Control and Risk Committee, as well as by the Sustainability Committee of the Parent Company, which carries out its duties for the entire Group.

The Board approves the Sustainability Policy, with its subsequent updates, and guarantees its consistency with the specific risk management policies.

The Sustainability Committee at the Unipol Group supports the administrative body in defining the model for the identification, assessment and management of the main ESG risks, including, in particular, those connected with the climate, their impact on the business strategy and the active policies for achieving the COP21 objectives, as well as in defining commitments and monitoring indicators.

The Control and Risk Committee of UnipolSai examines the Sustainability Policy, as well as the model for identifying, assessing and managing the main ESG risks, including, in particular, those related to the climate.



For detailed information on the competences and responsibilities of the board bodies of Unipol Gruppo and of the UnipolSai Group, refer to the Reports on Corporate Governance and Ownership Structures, available in the "Governance" section of the Unipol and UnipolSai website, and the Sustainability Policy, which may be viewed in the "Sustainability" section on the Unipol website.

The Sustainability Policy is the fundamental tool that guides UnipolSai in the management of environmental, social and governance (ESG) topics; it defines the Group's strategies, objectives and commitments to improve its sustainability results and to manage and mitigate the ESG risks to which it is exposed, in line with the Group's overall risk management system.

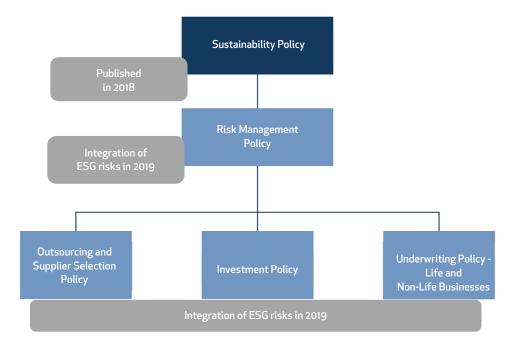
The Sustainability Policy, inspired by the Sustainable Development Goals and principles of the UN Global Compact, commits the company as regards:



The Policy specifies the roles and responsibilities of the bodies and company structures involved in the ESG risk management process. During 2019, it was updated by defining, in more detail, the roles and responsibilities of the actors involved, in particular as regards the governance of climate-related risks, opportunities and impacts, and laying down a specific commitment in terms of responsible data management. The Group has also committed to ensuring the increasingly broad adoption of planning, assessment and measurement systems focused on impact, in order to better understand the effects of its activities and to gear them towards the achievement of changes that are consistent with its values, strategies and commitment in terms of sustainability.

The Sustainability Policy refers to the Policies for the management of specific risks for the operational structuring of the strategies defined.

In line with the commitments taken by the Unipol Group in the 2019-2021 Strategic Plan, aimed at further integration of environmental, social and governance factors into company strategies and processes, 2019 saw the inclusion of ESG risks in the Risk Management System adopted by the Group.



Within the framework of its latest update, developed in June 2019, the **Risk Management Policy** was integrated with the inclusion of these risks in the taxonomy of those common to the entire Group and with the identification of the **seven most significant ESG risk areas**:



Within the framework of the Risk Management Policy, the Group has envisaged integrating the **monitoring of ESG risks** within the procedures for managing the individual risk categories, in order to monitor them in all the phases of the value creation process and to mitigate the occurrence of any connected reputational risks.

In light of this, the ESG risks and oversight procedures have been integrated:

- into the Underwriting Policies in relation to the Life and Non-Life Businesses;
- into the **Investment Policy**;
- into the Outsourcing and Supplier Selection Policy.

Details of the content of the Policies mentioned above are shown in the next sections of the Report concerning the various issues addressed therein.



The full texts of the Policies are available in the "Sustainability" section of the Unipol Group website.

The Sustainability function, part of the staff unit of the Chairman, is responsible for the adequacy and completeness of the Sustainability Policy and pursues the goal of improving the ESG risk management process, by facilitating the non-financial reporting process and raising the level of knowledge and awareness of the Policies and the results expected as regards "material" topics. The function promotes and contributes to the development of strategies of shared value and aimed at supporting the achievement of the Sustainable Development Goals.

In order to promote the integration of sustainability into the everyday management of the business, the Sustainability function is assisted by around twenty contacts who operate in the main Group and Company Departments, tasked with monitoring the "integrated" projects and supporting the reporting of non-financial performances.

Sustainability also monitors the *stakeholder engagement and management* activities carried out through the Unipol Regional Councils (CRU) composed of the Organisations from the world of work, cooperatives and SMEs (CGIL, CISL, UIL, Legacoop, CNA, Confesercenti, CIA) and the representatives of the Environmental, social and cultural association.

To support the implementation of the aforementioned Policies, the **ESG Task Force ("Task Force")** was established in 2019. This Task Force, which became operational during the first few months of 2020, is composed of key functions³ for understanding the ESG impacts in the context of business decisions. It is responsible, in cases of particular relevance due to potential impact or sizes of potential agreement/investment, for understanding and assessing the concrete implications of ESG factors in underwriting and investment activities and for defining choices consistent with the company's vision with respect to the cases presented.

In parallel and in line with the activities to integrate ESG risks into the Group Policies, the **inter-functional ESG Risks Panel**⁴ defined new, detailed mapping of those risks and the associated oversights, updated and streamlined to ensure alignment with the overall system, which includes risks connected with environmental, social and corporate governance factors, structured into the seven risk areas identified for the Group. The mapping is available within the Unipol Group Integrated Annual Report.

To adequately implement the Sustainability Policy, the dissemination of awareness among employees is crucial. For this reason the Unipol Group set up a training and education path some time ago. An e-learning course was arranged for all employees and agents on the Values and the Code of Ethics. This issue was specifically reviewed and outlined during the CAPI Master's, completed by over 1,450 people with managerial responsibilities. This action helped to disseminate a management model that exemplifies the Values. 2019 saw the continuation of the distance learning course, launched last year, on Integrated Thinking and Integrated Financial Reporting, so as to aid understanding of the tool and support the construction process for the new Integrated Three-Year Plan. At the end of 2019, a total of almost 1,000 people had followed the course (agents and employees).

Integrity in doing business

Organisation and Management Model, pursuant to Legislative Decree 231/2001

The UnipolSai Assicurazioni OMM, updated in 2018, is composed of a General Part and 14 Special Parts, each dedicated to a category of offences theoretically conceivable within the business context of the Company.

³ Damages and Claims Technical Department, Welfare and Life Insurance Department, Finance Department, Chief Risk Officer, Chief Innovation Officer, Sustainability.

⁴ Body composed of the Audit, Compliance and Anti-Money Laundering, Risk Management and Sustainability Functions, with the objective of identifying potential risks of a social, environmental and governance nature to which the Group is exposed, to map the oversights intended to manage such risks and to suggest possible improvement measures.

1) Offences against Public Administration.	6) Offences against occupational health and safety.	11) Copyright offences.
2) Corporate offences.	7) Crimes of counterfeiting money.	12) Employment of third country citizens without a regular permit.
 Administrative crimes and offences relating to insider dealing, market abuse and market manipulation. 	8) Organised crime and transnational offences.	 Incitement to not give statements or provide false statements to judicial authorities.
4) Crimes of receiving stolen goods, money laundering, self-laundering and crimes for the purposes of terrorism or subversion of the democratic order.	9) Environmental offences.	14) Unlawful intermediation and job exploitation.
5) Cyber-crimes.	10) Crimes against trade and industry.	

The rules of conduct and specific monitoring guidelines for preventing the committing of each type of crime specified above are also laid out in detail in the Special Parts of the OMM.

The OMM of the UnipolSai Group companies envisage the same oversights and control instruments.

The Model is disseminated among employees through the company intranet; subsequent updates to the Model are communicated to all employees through corporate communication supplied by e-mail. To ensure employees are familiar with the content of the Model and to ensure effective implementation thereof, employees are asked to acknowledge receipt of the OMM through the company intranet.

Following the approval of the Whistleblowing Procedure, the Group activated a computer platform through which the staff (employees and anyone operating on the basis of a contractual relationship, even if different from an employment contract, which results in their entry into the company organisation) may report significant unlawful conduct pursuant to Italian Decree 231/01, acts or facts that may constitute breaches of the OMM, as well as violations of any other duly defined regulations⁵, according to procedures which ensure the full confidentiality of the whistleblower and, in general, the contents of the report⁶.

To guarantee effective implementation of the OMM, acknowledgement thereof is requested from agents - in 50% of cases, this was received.

A clause is inserted into the contracts the Group enters into with suppliers, whereby the latter undertake to adhere to the OMM, under penalty of the termination of the contract.

Acknowledgement of the OMM has been certified for suppliers listed on the Register, representing 38% of the total in 2019.

The task of overseeing the functioning and observance of the OMM and handling updates thereof is entrusted to the Supervisory Board (SB), composed of three non-executive independent members of the Control and Risk Committee and a further two members represented by two spokespersons of the Top Management who head the Compliance and Auditing Functions.



For further details on the OMM, please refer to the "Governance" section of the UnipolSai Group website.

Combating corruption

The processes of the Group and the companies which form part of it are subject to assessment during the year by the control and 231 monitoring functions to identify the risk areas of relevance for the purposes of Italian Legislative Decree no. 231/2001. The analysis is conducted on **all the mapped processes** and the result is a constantly updated matrix which cross references the individual processes with the offences they risk being exposed to; a specific assessment within this process covers the risk of corruption.

143 processes were mapped and analysed for UnipolSai Assicurazioni, 44 of which (31%) were subject to the corruption risk sensitivity assessment.

⁵ Reference is made to (i) Regulation (EU) No 596/2014 on market abuse ("MAR"), (ii) Italian Legislative Decree no. 231 of 21 November 2007 on preventing the use of the financial system for money laundering and terrorist financing, (iii) Italian Legislative Decree no. 209 of 7 September 2005 (Private Insurance Code, "CAP"), (iv) Italian Legislative Decree no. 58 of 24 February 1998 (Consolidated Law on Finance, "TUF").

⁶ The computer platform adopted by the Group enables (i) the pseudonymised management of reports and (ii) keeping an encrypted record of the relevant information. Access to such information is limited to specifically identified members of the company structures responsible for the receipt, analysis and assessment of the whistleblowing reports.

The oversights and monitoring tools for combating corruption are defined in Special Part 1 of the OMM on offences in relations with the Public Administration and in Special Part 2, which addresses the offences of corruption among private individuals provided for in the Italian Civil Code.

As regards the companies operating in Serbia, the By-Laws and Code of Ethics contain provisions that make it a requirement to avoid conflicts of interest. In the case of UnipolRe, which operates in Ireland, the signatory powers approved by the Board of Directors stipulate that a double signature is necessary for every transaction, thus enabling more effective monitoring of the combating of corruption.

During 2019, in light of the information available, UnipolSai and the Group companies did not incur costs for sanctions under Italian Legislative Decree no. 231/2001 arising from offences that might occur in the sensitive activities identified, including the offences of corruption.

In 2019, the Group invested significantly in training to reinforce knowledge of the risk of corruption, by providing both updated and new courses on this topic to the following companies: UnipolSai, UniSalute, ARCA, Villa Donatello, Florence Centro di Chirurgia Ambulatoriale, Gruppo UNA, Linear, SIAT, Incontra Assicurazioni, Bim Vita, Marina di Loano and Tenute del Cerro.

Percentage of employees specifically trained on anti-corruption policies and procedures in Italy



Source: Chief Academy Officer at UnipolSai

There were no disciplinary measures in Italy connected with episodes of corruption.

Anti-money laundering and anti-terrorism measures

The Group's governance system for tackling money laundering and the financing of terrorism is based on the "Money Laundering and Terrorist Financing Risk Management Policy" which adopts the new provisions of IVASS Regulation no. 44 of 12 February 20197, approved by the Board of Directors of the Parent Company and, among the subsidiaries, of the Companies with a registered office in Italy and a registered office abroad.

In accordance with the policy, specific processes and procedures are in place concerning customer due diligence, reporting suspicious transactions, abstention and suspension, risk assessment and management and internal control measures aimed at preventing and blocking the carrying out of transactions connected with money laundering or terrorist financing. As requested in the Letter to the Market of 19 June 2019, issued by IVASS, concerning "Self-assessment of the risks of money laundering and terrorist financing. Annual Report of the anti-money laundering function", under the coordination of the Parent Company, Unipol Gruppo, the Companies operating in the life insurance businesses conducted a new self-assessment to estimate the level of exposure to the risk of money laundering and the terrorist financing and to evaluate the vulnerability of the oversights implemented, according to the criteria and methodology indicated by the said Supervisory Authority. The process led to a residual risk assessment of "Non-significant", in consideration of:

- the "Medium-Low" level of intrinsic money-laundering risk to which the Group is subject in relation to the business model, the nature and extent of activities actually exercised;
- the "Non-significant" vulnerability of corporate controls the organisational structure and internal control system with regard to threats identified at the intrinsic risk assessment stage, as well as compliance with the elements considered for vulnerability assessment purposes.

⁷ Laying down implementing provisions on organisation, procedures and internal controls and customer due diligence, aimed at preventing the use of insurance companies and insurance intermediaries for the purposes of money laundering and terrorist financing.

The Companies belonging to the Group have drawn up specific internal programmes for the training of staff, agents, the direct distribution network and brokers, in order to spread a culture of compliance and respect of the applicable anti-money laundering and counter-terrorism regulations. The training programmes are continuous and occasional in nature and take into account regulatory developments and, where applicable, changes to the procedures put in place to comply with the obligations to collect the information needed for customer due diligence, the logging and storage of such information and the detection of anomalies for assessing suspect transactions for the purposes of possible whistleblowing.

The anti-money laundering and counter-terrorist financing training also included face-to-face in-depth sessions for some of the corporate areas most affected by the Regulation, as well as for the top management and the first line managers of certain companies. For insurance companies operating in Italy, overall use of the "Anti-Money Laundering" course in 2019 totalled 88%.

As for the companies operating in Serbia, the operating procedures are in line with the provisions of local legislation. Activities and specific measures are envisaged to analyse the characteristics of the customers and monitor their transactions in accordance with the risk categories specified, including a check that the activities are compliant with the nature of the commercial relations and the usual volume and type of activities conducted with the customers. Procedures and mechanisms are also in place to flag up customers and transactions for which there are reasons to suspect involvement in money laundering and terrorist financing. For companies operating in Serbia, the percentage of coverage of the anti-money laundering training was 61%.

Responsible data management

UnipolSai holds plenty of personal data concerning its customers, regarding various aspects of their lives, and such data will always continue to grow as a consequence of the increasingly widespread use of new connected devices; the protection of said data is a fundamental commitment for safeguarding the rights and freedoms of the natural persons to whom they refer.

To this end, a comprehensive system has been defined within the Unipol Group composed of policies, procedures and technological infrastructure which, *inter alia*, provides a structure for the security, technical and organisational measures suitable for guaranteeing the protection of personal data from the risks that threaten them, such as, for example, loss, theft, destruction or alteration of data or unauthorised access or disclosure thereof, and to ensure data availability and access are promptly restored in the event of incidents.

The **Policy on the Protection of Personal Data** lays down general guidelines for the Unipol Group as regards the protection of natural persons when it comes to the processing of personal data, specifying the organisational model (organisation and roles, people, culture and competences), operating model (processes, rules and documentation) and architectural model (technologies and tools) structured for the purpose.

Through this system, the Group is implementing Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (the "GDPR"), which introduced important new rules for the processing of personal data, by making provision, *inter alia*, for verification of the activities in accordance with parameters covering assessment of the risk and the effectiveness of the relevant measures adopted.

During 2019, Unipol, with the support of the Group's Data Protection Officer ("DPO") – who carries out activities within his remit for the Parent Company and the companies controlled by it with registered office in Italy – assessed the effectiveness and efficiency of the oversights, processes and organisational system implemented following the modifications introduced by the GDPR, in order to ensure management of personal data that is compliant with the legislation in force and transparent with respect to the data subjects. This was also achieved through verification activities aimed at assessing, through specific analyses, the compliance of the processes and procedures with the regulatory provisions, by paying particular attention to the preliminary assessments conducted in the case of processing operations which present a high risk for the rights and freedoms of the data subjects.

During 2019, there were certain *data breach⁸* episodes of limited scope (24), as defined by the GDPR. All cases were promptly managed and resolved by the competent Data Controller companies. In only two cases was it necessary to make a timely notification to the Data Protection Authority. In one of these, following the preliminary investigation launched and in consideration of all the information sent, the Authority stated that the event presented did not constitute a data breach and, therefore, ordered the closure of the investigation, while it decided to take no action with the other. The remaining cases were not reported since they presented no risks for the data subjects.

There were 6 complaints received in 2019 concerning the protection of personal data, all from private individuals, who all received a prompt response.

⁸ According to the GDPR, data breach means a breach of security leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, personal data transmitted, stored or otherwise processed.

For the privacy training, in particular on the new EU Regulation (GDPR), e-learning courses were used in addition to specific face-toface lessons; by the end of 2019, over 90% of the employees of the companies operating in Italy had participated in the courses, while for companies operating in Serbia, participation in the course on local privacy laws was 27%.

In order to increase the widespread awareness of the topic, the e-learning courses continued including through the Group's agency network (the course was started by 60% of agents, 87% of whom had completed it by 31 December 2019) and the sub-agency network (where training coverage reached 59%).

The **Information Security Policy** defines the guidelines regarding cyber security, which provide for the adoption of suitable physical, logical and procedural security measures aimed at ensuring, for the information processed through the information systems, appropriate and consistent protection throughout its entire lifetime.

For the monitoring of cyber risk, access control, anti-malware and anti-spam solutions are used for central systems, user workstations and mobile devices, backup/restore and Disaster Recovery procedures, intrusion prevention and detection systems. The constant monitoring of systems, access and operations makes it possible to swiftly trace and manage incidents according to various levels of seriousness.

The IT infrastructure and web applications are subject to periodic penetration tests/vulnerability assessments. UnipolSai is certified in accordance with international standard ISO27001⁹ for the AdES service.

In 2019, in order to raise awareness of cyber security, training courses were organised both for employees (4,383 people trained - a total of over 15,805 hours of training) and agents (9,551 people - over 41,600 hours).

The system for monitoring risks connected with the management and use of data is completed by the **Data Governance Policy**, which lays down guidelines for the effective data governance throughout its lifetime within the Unipol Group. *Data Governance* is the set of processes, methodologies, roles and technologies which, on the one hand, enable formal management of the data information assets, with clear responsibility for them and, on the other, offer an opportunity to make use of the intrinsic value of the company's information assets to support the business strategies and objectives.

The protection of fair competition

The Code of Ethics of Unipol Gruppo commits all Companies which have signed up to it to operate in favour of a market where free competition is guaranteed, by refraining from practices which may be construed as anti-competition.

UnipolSai implements this commitment through the structuring of processes and internal procedures which guarantee the necessary oversights and controls and with the monitoring and internal communication of the new regulations significant for the purposes of the activities conducted by the Group companies, aimed both at verifying compliance with the said regulations and identifying possible areas for new business activities. This is accompanied by a constant commitment to advocacy in response to proposed legislation and public consultation initiatives, and with regard to any other act or document published by the Authorities with potential effects on the Group and its stakeholders.

Some of the significant competition legislation analysed includes: "Provisions concerning class actions" (Italian Law no. 31 of 12 April 2019) which, effective from 19 April 2020, will replace the legal provisions in force, currently contained in the Italian Consumer Code, governing the possibility of bringing a class action limited until now to protecting the interests of consumers; the adaptation of national legislation to Regulation (EU) 2015/2424 on the Community trade mark (Italian Legislative Decree no. 15 of 20 February 2019); the so-called Growth Decree (Italian Decree Law no. 34 of 30 April 2019) which contains a series of measures for companies, aimed at relaunching the national economy; Consob Warning Notice no. 1 of 28 February 2019 on the initial application of the new features regarding the non-financial statement, laid down in the 2019 budget law.

Through a measure dated 27 May 2015, the Antitrust Authority (AGCM) claimed that, during the period 31 January 2011-23 November 2015, UnipolSai had adopted an unfair trading practice pursuant to Articles 20.2, 24 and 25 of the Consumer Code (as amended), consisting in having issued writs of summons against consumer customers in arrears, with a view to recovering its receivables, through a judicial authority in a different area to that of residence. In addition to banning the dissemination or continuation of such practices, the Antitrust Authority also imposed a sanction of \in 1,800,000 upon UnipolSai, which the Company has paid. UnipolSai filed an appeal with the Lazio Regional Administrative Court, challenging the aforementioned measure, with the appeal notified on 26 July 2016. A hearing date is still pending for these administrative proceedings.

⁹ ISO/IEC 27001 is an international standard that defines the requirements for setting up and managing an information security system and includes aspects concerning logical, physical and organisational security.

Sanctions

The overall number of interventions by IVASS with respect to UnipolSai and the other insurance companies within the Group operating in Italy during 2019 totalled 2,696, a fall compared with the 3,293 the previous year.

It is worth highlighting the fact that, as at the date of this document, new regulations are in force applied by the Supervisory Authority in relation to offences occurring after 1 October 2018, the administrative sanction for which runs from a minimum of \in 30k to a maximum of 10% of turnover, while offences committed until 30 September 2018 and identified subsequently by IVASS are subject to the previous regime characterised by a well-defined grid which includes the number of days of delay and the amount of the relevant sanction.

At 31 December 2019, 64 IVASS sanctions had been issued against insurance companies within the Group, giving a total amount of €381k. With regard to the complaints filed by customers pursuant to IVASS Regulation no. 46/2016, UnipolSai Assicurazioni alone managed, together with its agents, 2,290 complaints (+16% compared with the same period in 2018), 76% of which were rejected.

In relation to compliance with environmental regulations, there were no fines or non-monetary sanctions imposed for damage caused to the environment as a result of the activities of the Group companies, nor as regards health and safety.

Number of IVASS interventions and Sanctions paid

	2019	2018
Amount of IVASS sanctions paid (€m)	0,381	1
Number of IVASS interventions	2.696	3.293
Number of IVASS sanctions	64	183

Source: Governance, Legal Affairs and Human Resources Co-General Manager at UnipolSai

Tax management

UnipolSai returns, fairly and responsible, a percentage of the value created through the payment of taxes intended to finance the management of communal goods and services, in order to improve the conditions for widespread well-being.

The Group's Italian and foreign companies pay taxes and duties in application of the tax regulations in force in each country.

In 2019, the total taxes paid to the tax authorities (on income, premiums, ownership, etc.) by UnipolSai Group companies was around **€2.2bn**.

Income taxes recorded a tax rate for the year of 25% (21.3% in 2018).

Tax management is entrusted to the Group's Tax Service, which reports to the Administration, Controlling and Operations Co-General Manager; the Service supervises and manages the application of tax legislation and also provides advice, guidance and control to all companies within the Group by ensuring assistance and support as part of the control activities implemented by the Tax Authorities.

The basis for the approach adopted is the identification, profiling and quantification of tax risks for the purpose of defining capital requirements. Tax risk forms part of the operational risks monitored and measured for Solvency II purposes. In determining the conservative provisions for current or estimated disputes concerning the application of taxes, the risks connected with potential future findings is also assessed and quantified.

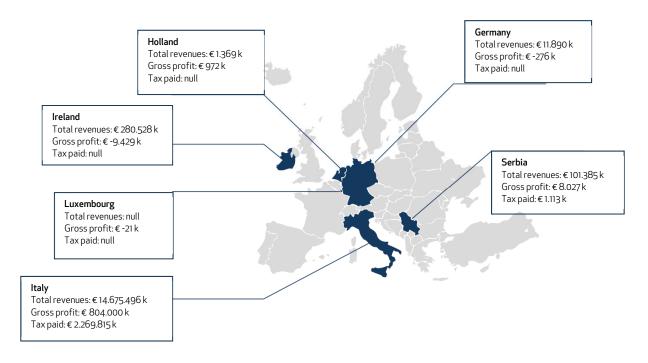
The company processes contain procedures and tools for the management of tax aspects. A number of significant tax processes were recognised for the purpose of procedures pursuant to Italian Law 262/2005 (Law on the Protection of Savings and Governance of the Financial Markets).

Aspects connected with the management of tax issues do not provide for the explicit and structured involvement of the Company's Board of Directors, which does not define the company's general tax strategies. However, where major problems emerge, the appointed Functions provide adequate information and conduct suitable prior assessment activities of the most significant tax consequences.

The Financial Statements documentation discloses the revenues, profit deriving from technical and financial management and taxes for the year and also includes a statement of reconciliation of the theoretical tax burden compared to the actual tax burden with an explanation of the main reasons for deviations. The main items that cause discrepancies between taxes paid and taxes accounted for are subject to specific reporting.

Starting from 2016, the parent UG has provided the tax authorities with country-by-country reporting data that also include those of UnipolSai.

Income and Taxes: Country by Country Report summary



Soure:: Administration, Controlling And Operations Co-General Manager at UnipolSai

Responsible lobbying

2019 saw the continuation of the institutional positioning activities aimed at the Group's further accreditation as an authoritative and independent point of reference for national and European institutions, as well as multiplication of the relational areas useful for increasing support for business and awareness of the external competitive contexts.

These activities were primarily pursued through the levers of lobbying and advocacy, by participating in public consultations promoted by the institutions, with specific skills and experience, with a view to supporting decisions.

With reference to the lobbying activities, UnipolSai, in order to maintain proactive dialogue, has organised meetings with public decision makers, parliamentarians and Italian and European institutional investors, contributing to the public debate on political/legislative activities pertaining to the topics of interest for the Group and seeking to represent and support the Group's bodies in the relevant consultation processes. In addition, monitoring continued of the legislative and regulatory process in areas of interest for the Group, as well as the analysis of the political/economic context.

In 2019, the Group participated, at domestic level, in 11 public consultation procedures and, at EU level, in 13 public consultations/surveys, three of which concluded in the month of January 2020.

Given the number and complexity of rules and regulations concerning the sectors in which the Group operates, the following section explains the main new features in the insurance field.

As regards the European regulatory framework, particular attention was paid in 2019 to the launch of the **Solvency II Directive review** and the adoption of certain new European rules on environmental and social sustainability in the financial field, which represented the most important issues for the insurance industry.

On issues connected with sustainability, especially environmental, the regulator launched a **reform process for sustainable finance** which nevertheless fails to define precise regulatory criteria for the identification of risks and opportunities connected with sustainability factors, above all as regards governance practices, the quantification of the balance sheet impacts of climate change and the assessment of investments that may be qualified as respectful of environmental and social sustainability. It follows that investors and customers do not yet have adequate tools to assess the actual degree of compliance of intermediaries in terms of rules on sustainability.

Another topic of growing interest for the insurance industry in 2019 was that of **connected and automated mobility** and the related development of the debate on the access to vehicle data and civil liability (Regulation (EU) 2019/2144).

At national level, the most important new feature concerns **consultancy on the CONSOB and IVASS regulations regarding the insurance distribution of Insurance-Based Investment Products (IBIPs)**, which will complete the implementation of the Insurance Distribution Directive (Directive (EU) 2016/97, the so-called IDD) with reference to the creation and distribution of IBIPs. In this regard, it is worth highlighting the introduction of the consultancy obligation for complex insurance products, the eligibility of incentives systems only if the distribution activity is aimed at boosting the quality of service offered (as envisaged in MIFID II) and the prohibition on selling outside the target market, except for IBIPs, for which a derogation is envisaged if the non-target market selling is supported by consultancy. The Group has actively participated in the consultations and asked the Authorities to review certain choices that excessively penalise the sector and fail to boost the level of customer protection.

With reference to the advocacy activities, the **"Welfare, Italia"** project has continued, with the goal of making a concrete contribution to defining a vision of welfare which supports the social and economic development of the country, inclusivity and sustainability. Over the course of the year, the project promoted the publication of an annual Strategic Report, submitted in December at the "Welfare Italia Forum 2019", through which it has been possible:

- To create a permanent and multi-annual observatory of the welfare system in Italy in consideration of the country's economic, social and technological development.
- To identify and study the international benchmark cases from which Italy may "draw inspiration" in designing public and private welfare policies.
- To define an innovative vision of welfare which enhances the role of the private individual and the third sector in supporting a more inclusive and sustainable growth path for the country.
- To identify strategies and policy proposals to optimise and enhance every component of the national welfare system.

The Welfare Italia think tank has enabled the Group to enhance and further develop the advocacy programme of the same name, which has, over the years, become a respected platform for discussion and action regarding all the strategic aspects of welfare, capable of involving the reference policymakers and stakeholders.

Human Rights

Through its value chain, a financial sector organisation such as UnipolSai involves a number of actors, including bodies, companies and public administrations with which it works to identify, mitigate and, where possible, prevent possible violations of human rights connected with its activities. For this reason, in addition to compliance with the reference regulations to which it is subject, the UnipolSai Group has outlined in its Code of Ethics, in its participation in the Global Compact and in the Sustainability Policy, the principles and guidelines for managing, through its activities, the various positive and negative impacts in terms of human rights. The issue of human rights, which affects various areas of the Group's operations, is widely addressed throughout the document, as summarised in the following table:

Stakeholders	Areas of impact	Pagina dove è descritto il presidio in atto
Employees	a. Health and Safety	Pag. 65
	b. Combating harassment	Pag. 64
	c. Freedom of trade-union association	Pag. 70
	d. Equal opportunities and non-discrimination	Pag. 64
	e. Work/life balance	Pag. 67
Customers/Employees	a. Privacy and personal data management	Pag. 24
Customers	a. Integration into assumption of risks	Pag. 19-21
	b. Integration into management of investments	Pag. 51-53
	c. Access to healthcare and welfare services	Pag. 38-39
	d. Financial inclusion of the most vulnerable sectors of society	Pag. 41
Suppliers	a. Inclusion of criteria regarding the respect for human rights into the supply chain	Pag. 72



For detailed information concerning the United Nations CoP 2019, refer to the "Sustainability" section on the Unipol Group website; for more details on the Code of Ethics, refer to the "Our Identity" section on the Unipol Group website.

Remuneration policies

Every year, the Unipol Group Companies, based on the guidelines issued by the Parent Company in the Group's Remuneration Policies, adopt Remuneration Policies, approved by the Boards of Directors of the Companies and respective Shareholders' Meetings, which seek to ensure fair remuneration, commensurate to the role, responsibilities, level of professionalism and individual capabilities, in accordance with the legal/regulatory provisions and consistent with the requirements of sustainable performance.

The key principles for determining remuneration are a sound and prudent risk management policy, internal fairness, meritocracy and comparison with the reference markets.

The annual remuneration of **Non-executive directors** is fixed; it is supplemented by a fee for attending each board meeting and shareholders' meeting, plus reimbursement of expenses for the carrying out of their duties. However, no variable component of the remuneration is envisaged.

Executive remuneration involves payment of a fixed as well as a variable component. The following sets forth a summary of the parameters for assigning the variable component of the remuneration defined in relation to the 2019 Remuneration Policies.

VARIABLE COMPONENT

Prerequisites the recognition of any incentive are the continuing presence of positive economic results and factors, in addition to the presence of a dividend capability, i.e. the presence of conditions, in terms of economic performance and minimum solvency requirements of the Unipol Group for the eventual distribution of a dividend to Unipol shareholders.

The Bonus is broken down as 50% in a Short Term Incentive (STI) and 50% in a Long Term Incentive (LTI) (becoming 40% and 60% in the variable remuneration).

Short Term Monetary Incentive

In addition to entry gates linked to Group and individual Company results, each recipient is assigned four short-term objectives on an annual basis. The sum of the weights obtained from combining the objectives determines the Individual Performance Level.

.....

For the Short Term Incentive, 50% is attributed in monetary form and 50% in the form of financial instruments consisting of Unipol ordinary shares and UnipolSai ordinary shares.

.....

Long Term Incentive

For the Long Term Incentive 50% is assigned in monetary form and 50% based on a closed financial instrument-based remuneration plan, which involves the distribution of Unipol ordinary shares and UnipolSai ordinary shares in the three-year period 2023-2025 (five-year period 2023-2027 for the Unipol Gruppo Chief Executive Officer and Group CEO and for the Executive Level Managers).

The LTI is paid based on the achievement of Unipol Group profit indicators, the Unipol solvency capital requirement target, growth in the value of the Unipol share over the three year period and performance of the Group's reputational index in the three-year period 2019-2021.

The reputational index trend has a weight of 5% on the amount of the LTI Bonus. The objective to be reached is a Reputational Profile^{*} of the Unipol Group over the applicable three-year period (understood as the average of the monthly measurements) which is higher than that recorded by the Financial-Insurance Sector as a whole during the same period.

.....

 $`Value \ calculated \ and \ measured \ based \ on \ the \ RepTrak \circledast \ model \ developed \ by \ the \ Reputation \ Institute.$



For detailed information, refer to the Remuneration Report, available in the "Governance" section of the Unipol Group website.

In relation to the **pay gaps between men and women**, it is worth noting, as regards fixed remuneration, that a trend bridging the gap has been recorded during previous years (-0.7 percentage points for Senior Executives, - 0.2 p.p for Officers and Middle Managers, -0.7 p.p. for Administrative Staff, -1.8 p.p for Blue-Collar Workers/Others). The data recorded in the Group show a wage gap between

men and women that is significantly lower than the average in the insurance sector, where, although there is a high level of female employment¹⁰, the average Gross Annual Remuneration for female executives is around 8% lower than that for men and that of non-executive women around 17% lower¹¹.

The median values for remuneration, including the variable component, show a deviation in favour of female personnel among Executives due to the fact that, on average, the percentage of achievement of targets with which payment of the variable component is associated is higher for female personnel.

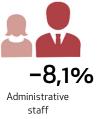
Pay gaps by gender and job level category*

Differences relating to median values of gross annual fixed remuneration of employees





-5,5% Officers and middle managers



+2,5%

Call Centre personnel



Differences relating to median values of total gross annual remuneration of employees (fixed and variable parts)



6,6% Officers



staff

+2,5% Call Centre personnel



*The figures exclude the foreign companies Arca Vita International, DDOR, DDOR Auto, DDOR Re and Unipol Re.

and middle managers

Source: Governance, Legal Affairs and Human Resources Co-General Manager at UnipolSai

 $^{^{\}rm 10}$ These are the sectors where at least 40% of the total number of employees is made up of women.

FINANCIAL PERFORMANCE





94.2% Combined Ratio - net of

reinsurance

€0.160 Proposed unit dividend per share

Direct insurance premiums

Profitability of the UnipolSai Group's activities

Amounts in €.	m <u>31/12/2019</u>	31/12/2018
Non-Life direct insurance premiums	8,167	7,892
% variation	3.5	7.3
% variation on a like-for-like basis	2.7	
Life direct insurance premiums	5,847	3,826
% variation	52.8	3.1
% variation on a like-for-like basis	36.2	
of which Life investment products	393	358
% variation	9.7	37.3
% variation on a like-for-like basis	(22.5)	
Direct insurance premiums	14,014	11,718
% variation	19.6	5.9
% variation on a like-for-like basis	14.4	
Net gains on financial instruments (*)	1,606	1,924
% variation	(16.5)	22.7
% variation on a like-for-like basis	(4.6)	
Consolidated profit (loss)	655	948
% variation	(30.9)	76.5
% variation on a like-for-like basis	3.2	
Balance on the statement of comprehensive income	1,748	90
% variation	П.S.	(87.2)
Investments and cash and cash equivalents	66,369	59,718
% variation	11.1	14.9
Technical provisions	57,567	53,223
% variation	8.2	16.3
Financial liabilities	6,000	5,253
% variation	14.2	43.4
Shareholders' Equity attributable to the owners of the Parent	6,878	5,448
% variation	26.2	(7.2)
UnipolSai Assicurazioni SpA Solvency ratio - Partial Internal Model	284%	253%

(*) Excluding net gains and losses on financial instruments at fair value through profit or loss for which investment risk is borne by customers (index and unit-linked) and arising from pension fund management. Source: UnipolSai Consolidated Financial Statements



For more detailed information, see the Investor Relations page on the website <u>http://www.unipolsai.com/it/investor-relations/Pagine/default.aspx</u>

31 July 2019 saw the completion, all at once, of the extraordinary transaction pertaining to the Group's banking sector: Unipol and UnipolSai transferred to BPER the stakes held in the entire share capital of Unipol Banca SpA (which, in turn, controls Finitalia SpA); moreover, UnipolReC SpA acquired two separate portfolios of non-performing loans, one of which was owned by BPER and the other by Banco di Sardegna, for a gross book value of around \leq 1.2bn. Through this transaction, the Unipol Group completed the process of reclassifying its strategy in the banking sector, moving from the direct management of a medium-sized bank to becoming an important investor in one of the main Italian banking groups.

The operational scale of UnipolReC was also increased, as it became a financial intermediary listed on the register pursuant to Art. 106 of the TUB (Consolidated Banking Act), enhancing its expertise in terms of credit recovery.

UnipolSai ended 2019 with a consolidated net profit of ϵ 655m, including the extraordinary charge derived from the agreements signed with the trade union organisations, concerning the support for the pensions of workers in possession of specific requirements, which totalled around ϵ 66m net of tax (ϵ 95.5m gross of tax).

At 31 December 2019, direct insurance premiums, gross of reinsurance, totalled €14,014m, a considerable increase compared with 31 December 2018 on a like-for-like basis (€12,245m, +14.4%), especially in the Life business (+36.2%).

Direct **Non-Life** premiums in 2019 amounted to $\in 8,167m$ ($\notin 7,953m$ at 31 December 2018 on a like-for-like basis, +2.7%). The MV segment recorded premiums of $\notin 4,178m$ (-0.1% on a like-for-like basis), while premiums in the Non-MV segment reached $\notin 3,989m$, +5.8% on a like-for-like basis, thanks above all to the significant development of the Health business (+11.2%).

The increased turnover in the Non-Life business concerned both UnipolSai, which recorded growth of 1.3% with premiums of €6,990m, and, more markedly, the other main Group companies: UniSalute collected premiums worth €448m (+9.3%); Linear, the other main Group company operating in the MV segment, totalled premiums of €184m (+2.4%); SIAT, which focuses on the Maritime Transport segment, recorded premiums of €137m (+7.7%). Performance in Non-Life bancassurance was excellent, with Arca Assicurazioni recording premiums of €136m (+13.1%) and Incontra Assicurazioni collecting premiums worth €185m (+35.8%) thanks, in particular, to the placement by the Unicredit network of new Health products.

In the Life segment, the UnipolSai Group recorded significant growth in turnover on a like-for-like basis, thanks to the attractive returns offered by our segregated funds and to payments, totalling around \in 640m, connected with the launch of two new closed pension funds. Direct premiums at 31 December 2019 totalled \in 5,847m (+52.8% compared with 31/12/2018, +36.2% on a like-for-like basis).

UnipolSai generated direct premiums of \notin 4,080m (+30.4%), while the bancassurance channel, in particular, saw confirmation of the strong growth of Arca Vita, which, together with the subsidiary Arca Vita International, recorded direct premiums of \notin 1,676m, an increase of 55.6% compared with 31 December 2018.

Fire and Other damage to property 14.8%

Breakdown of Non-Life direct premiums

Source: UnipolSai Consolidated Financial Statements

Breakdown of Life direct premiums

31/12/2019	% comp.	31/12/2018	% comp.	% var.
3,717	63.6	2,391	62.5	55.5
375	6.4	362	<i>9.5</i>	3.3
6	0.1	4	0.1	37.6
481	8.2	406	10.6	18.6
1,268	21.7	663	17.3	<i>91.3</i>
5,847	100.0	3,826	100.0	52.8
362	92.2	326	90.9	11.2
31	7.8	32	<i>9.1</i>	(5.9)
393	100.0	358	100.0	<i>9.7</i>
	3,717 375 6 481 1,268 5,847 362 31	3.717 63.6 3.717 63.6 375 6.4 6 0.1 481 8.2 1,268 21.7 5,847 100.0 362 92.2 31 7.8	1 1 1 1 3.717 63.6 2,391 3.75 6.4 362 6 0.1 4 481 8.2 406 1,268 21.7 663 5,847 100.0 3,826 362 92.2 326 31 7.8 32	1 1 <th1< th=""> <th1< th=""> <th1< th=""> <th1< th=""></th1<></th1<></th1<></th1<>

Source: UnipolSai Consolidated Financial Statements

In terms of Non-Life **claims**, the technical performance in the MV TPL business was again characterised by the reduction in the average premium due to market competition, while there were positive trends both in terms of frequency of claims and average cost thanks, in particular, to the benefits connected with telematics (40% of motor vehicles insured by UnipolSai are fitted with a black box) and cost savings enabled by the network of approved repair shops, managed by the subsidiary Auto Presto&Bene, to which a growing number of claims are directed.

2019 was also characterised by a significant loss ratio due to atmospheric events of considerable impact, affecting not only the Fire and Other Damage to Property businesses, but also the Land Vehicle Hulls class as a result of the hail storms which struck a number of cities in our country. The economic effects of the loss ratio from atmospheric events have been partly reabsorbed by reinsurance cover.

Non-Life	31/12/2019	31/12/2018
Loss ratio - net of reinsurance	66,3%	67,0%
Expense ratio (calculated on premiums earned) - net of reinsurance	27,9%	27,3%
Combined ratio - net of reinsurance (*)	94,2%	94,3%

(*) with *expense ratio* calculated on premiums earned Source: UnipolSai Consolidated Financial Statements

As regards the **management of financial investments**, the levels of gross profitability of the Group's financial insurance investments remained at significant levels, with returns of 3.60% in invested assets (3.89% in 2018 on a like-for-like basis), 3.36% of which came from the coupons and dividends component.

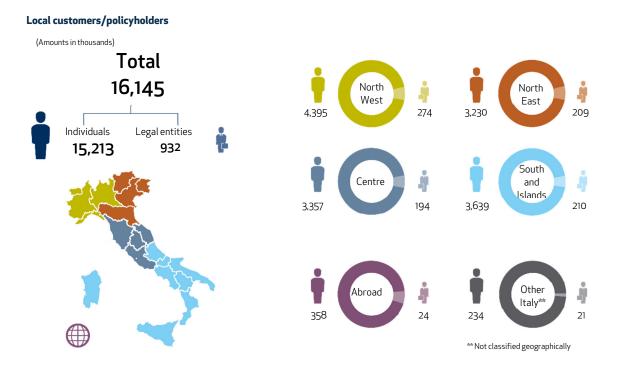
Again in 2019, in terms of medium/long-term investments, the investment policies continued to pursue the general criteria of prudence and of preservation of asset quality consistent with the Guidelines defined in the Group Investment Policy. Specifically, financial operations were geared towards reaching profitability targets consistent with the asset return profile and with the trend in liabilities over the long-term, maintaining a high-quality portfolio through a process of selecting issuers on the basis of their diversification and strength, with a particular focus on the liquidity profile.

UNIPOLSAI AND PROTECTION

Customers

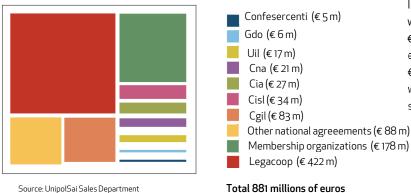


The UnipolSai Group provides its insurance services to over 16.1 million insurance customers, both direct policyholders and those on collective policies, a rise of 5% compared with 2018.



Outside Italy, UnipolSai also operates in Serbia: the subsidiary DDOR Novi Sad represents the second operator on the Serbian market with a portfolio of roughly 357,000 customers (5.6% companies), to which it provides Non-Life and Life services and products.

Amount of premiums from agreements



In 2019, premiums from national agreements with the Member Organisations amounted to €881m, in addition to €574m in premiums earned through Workplace Agreements and €5m from collective memberships associated with trade-union organisations and thirdsector associations.

Total 881 millions of euros

Integration of ESG factors into insurance activities

Through the integration of ESG factors into the strategies and processes of the core business, the Group is reinforcing its monitoring of risks and identifying opportunities for creating shared value.

The Underwriting Policies for the Non-Life Business and the Life Business, in the new version updated in 2019, formalise the approach defined by the Group to identify, assess and manage ESG risks through the underwriting process, with reference to relations with legal entities.

The starting point is the classification of the ESG risks connected with various operating sectors of customers, profiled based on a proprietary method which has produced a map of sectors sensitive in relation to different types of environmental and social risk, on the basis of the likelihood of such risks occurring and the resulting impact.

In general, the Group undertakes, through its competences and the services it has developed, to support its counterparties in the underwriting processes, by improving their ability to manage environmental, social and governance issues, with the development of risk assessment activities, consultancy on prevention approaches and the application of telematics solutions, thus reducing ESG risks and increasing the possibilities for accessing insurance services.

With reference to the sectors which have a potentially high exposure to ESG risks, the Underwriting Policies provide for two possible approaches:

- exclusion from the parties and/or risks which the Group proposes to insure, in cases where the sectors present ESG risks incompatible with the approach to sustainability and the risk management objectives of the Unipol Group. This arises, for example, for companies which derive the majority or a significant part of their income from coal mining activities and for those which adopt unconventional extraction practices, those which develop and produce controversial weapons and/or arms banned by international treaties and those that transport such into areas of conflict or countries guilty of systematic human rights violations along with for commercial activities intended solely for gambling (such as VLT rooms and similar);
- the launch of an assessment process which, through adequate processes, tools and bodies implemented by the Group, leads to a decision as to whether or not to proceed with the commercial relationship with a potential customer, once consideration has been given to the ESG risks connected with the way of managing activities in a series of sensitive sectors.

The exclusions and assessment process do not apply in cases of underwriting products that protect the employees of policyholder legal entities in the event of illness and accident, according to the social role they hold with respect to the people in question. With reference to those products, no exclusions are therefore envisaged in relation to the sector of operations of the policyholder company.

Among the tools intended to support the management of ESG risks in the underwriting activities, it is worth mentioning the assessment process, which, for the management of critical cases or doubts, involves a range of company actors (the Sustainability Function, the Reputation Management Operating Team) and provides for the possibility of convening the ESG Task Force in cases of particular significance, due to potential impacts or the dimensions of the potential agreement.

The impacts of climate change on the insurance business

Some of the most important ESG risks include those connected with climate change, which are having ever greater effects on the insurance core business. After 2018 was affected by the damage caused by Storm "Vaia" in north-eastern Italy, 2019 was also characterised by a significant number of **adverse atmospheric events** in the Non-Life loss ratio, although this was mostly reabsorbed by reinsurance. At 31 December 2019, the combined ratio, net of reinsurance, was 94.2% (as in 2018). This includes 4.1% connected with atmospheric events (3.9% in the previous year), especially the hail storms which occurred in summer 2019, striking urban areas where UnipolSai enjoys a high level of insurance penetration. In order to combat the risk of an increased technical risk caused by the rise in frequency and severity of claims, as a result of climate change, in 2019, the Group made the following commitments:

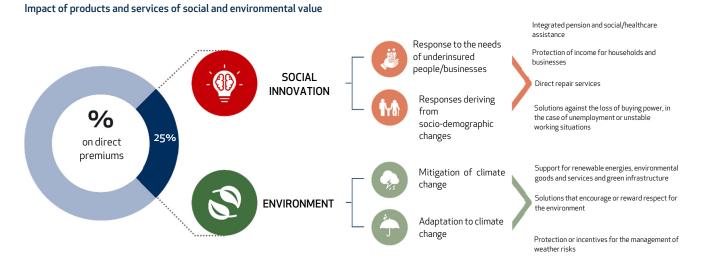
- the launch of a specific **Project ("Atmospheric Events")** aimed at equipping the Group with tools (capital and pricing models, further alert and prevention systems, new reinsurance) able to support product development and the underwriting process on a market characterised by growing demand;
- the adjustment of the reinsurance strategy to take account of the emerging risks, partly achieved thanks to the development of an innovative reinsurance tool (Atmos Re I), dedicated to the *annual aggregate* coverage of natural, medium-sized events for which an automatic algorithm was created for the temporary aggregation of events which enables investors and reinsurers to follow their progress in real time.

Solutions of shared value

Through the identification of distinctive insurance solutions that integrate economic growth and socio-environmental value, the Group creates value shared with its stakeholders and contributes to achieving the Sustainable Development Goals.

In 2019, premiums collected from the sale of policies thus characterised totalled $\leq 2,416$ m, equal to 25.5% of direct premiums¹² (an **increase of 2.9 percentage points** compared with the previous year).

In order to be classed as a "sustainable solution", a product or service must be able to satisfy social needs by improving people's lives, have a positive environmental impact or respond to concerns about the climate.



To ensure greater granularity, this representation does not include premiums relating to telematic devices. The impacts of black boxes, as also highlighted in the previous chapters, regard both social aspects (in terms of security and combatting fraud) and environmental ones (promotion of sustainable behaviours through mileage based rates).

Source: Administration, Controlling and Operations Co-General Manager at UnipolSai and General Management at Other Companies

¹² To ensure greater significance, the percentage is calculated on the total direct premiums from Non-Life Business products and the direct premiums pertaining to the family of corresponding products for the Life Business products.

The following sets forth the main areas of the shared value offer and the relevant results.

Mobility

Unipol's contribution to more secure mobility is expressed first and foremost through services connected with the **telematics** applied to MV. The more than 4 million customers who have installed a black box represent 44% of the overall MV portfolio; in addition to ensuring faster and more efficient management of claims, these boxes benefit from the automatic sending of assistance when necessary, thanks to geolocation and the automatic acquisition of data enabling the prompt determining of the potential seriousness of incidents in order to send the most suitable assistance.

Installing a black box is also associated with an incentive to reduce the use of cars, by integrating mobility needs with other means of transport with a lower environmental impact. The "KM&Servizi" product provides for a "mileage" price option, where the premium is calculated based on a series of parameters, including kilometres travelled.

In 2019, the Group increased its offer in terms of mobility and connected services, to reinforce its ability to provide responses to all the diverse needs of those who travel by car.

The acquisition of **Car Server**, the seventh largest Italian long-term rental company (a well as one of the companies most active in the field of electric mobility) gives further impetus to the innovative long-term rental service proposed by the UnipolSai Agencies, aimed at offering private individuals the chance of moving from car ownership to vehicle use while preserving their risk category and enjoying a range of services.

The UnipolSai app has been upgraded with the possibility of paying for parking in the largest Italian cities, as well as fines and road tax. Through the app, users can receive notifications in the event of weather alerts which may cause damage to people and property. In the initiatives already carried out and those that are soon to be implemented, the Group first adopts a partnership approach with both public and private parties, in order to increase the opportunities available to customers and the value shared with stakeholders.

Linear has developed the BestDrivers project, aimed at raising the awareness of drivers to driving risks and to promote a safe approach. An app, which can be downloaded free of charge, evaluates the style adopted at the wheel, considering factors such as distraction, aggressive driving and excessive speed. Within the app, users can monitor their trips and notifications with regard to their conduct; there is a system to reward safe drivers. The app, available since spring 2019, has been downloaded by over 50,000 motorists.

Following the approval of the so-called "Salvabebè Law" (Italian Law no. 117/2018), Unipol launched "**Qshino By UnipolSai**", an advanced solution that fully satisfies the requested requirements and alerts the owner of a vehicle by mobile in cases where a child has been left in the car.

Welfare

In response to the growing needs of the population in terms of social healthcare assistance and welfare, the Unipol Group has set itself the goal of consolidating its leadership in the health segment and its prominent role in the welfare sector by developing an increasingly integrated offer of Welfare products and Life products and by enhancing this with services, with a particular focus on those needed for prevention.

Confirming its role as a key player in the integration process between public and private welfare, in 2019, Unipol reached 11.3% of Italian citizens with its welfare cover (Health and Life) (growth of over one percentage point compared with 2018¹³).

Unisalute provides collective healthcare policies to Legal Person clients through Funds, Welfare Funds and mutual healthcare societies (which insured a total of 8.6 million customers in 2019).

2019 also confirmed UniSalute's position as the leading reference insurer in the world of work: it is the leader when it comes to sector healthcare funds in Italy, managing 45 (40 through direct delegation) as a result of national collective agreements.

UniSalute, through its company UniSalute Servizi, offers non-insurance healthcare services, company welfare services and flexible benefits.

In order to facilitate access to prevention and treatment activities, the Group focused more on the SiSalute Cards, which allow the bearer to have visits and check-ups and access physiotherapy services at discounted prices at the affiliated healthcare structures. They thus represent a tool to protect the health of individuals, who are able to access quality healthcare structures quickly and at prices lower than market rate. At 31 December 2019, over 35,000 Cards had been sold by SiSalute. Since the month of April, the "Esami e Visite" Card has been on sale at pharmacies within the Unifarco circuit.

¹³ The figure shown in the 2018 Integrated Financial Statements is 10.7% of coverage of the Italian population. In 2019, a development in the information systems made it possible to improve the quality of the data used to make this calculation, by entirely eliminating estimated areas in favour of the full use of accurate data and thus preventing possibilities of double counting among policyholders in welfare and social security. A precise figure was reconstructed for 2018 and this calculation method will be employed henceforward.

The UnipolSai Group also provides healthcare services directly, through its own structures such as the Villa Donatello (Florence) nursing home and the multi-speciality Dyadea centres.

Unisalute managed 4,040,000 claims in 2019, 75% of which were for examinations by specialists, 22% for dental services and 3% for hospitalisations.

From the perspective of health protection solutions, the Group is committed to increasing accessibility to services both through the trialling of innovative case management and treatment models for Customers, including through the IoT and Telemedicine, and through the development of the network of affiliated healthcare/social facilities. As part of this approach, UniSalute has developed the only model of its kind on the market for the offer of non-self-sufficiency assistance services and for post-hospitalisation cases which provides for the personalised management of medical care and outstanding consultancy in cases of non-self-sufficiency and post-hospitalisation.

As for the non-insurance products and services, trials are in progress aimed at improving the quality of life of Customers, reflected both in the attention paid to diet and personal training programmes and to raising awareness of the issues of preventing, treating and assessing symptoms.

The Unipol Group retains its leading position in the supplementary pension sector.

At 31 December 2019, with the subsidiary UnipolSai Assicurazioni, it manages 25 **Occupational Pension Fund** mandates (two more than at the end of 2018), 19 of which are mandates for management "with guaranteed capital and/or minimum return", for an amount of \in 4,777m (of which \in 4,093m with guaranteed capital).

At 31 December 2019, the assets of the **Open-ended Pension Funds** managed by the companies UnipolSai and BIM (UnipolSai Previdenza FPA, Fondo Pensione Aperto BIM Vita) totalled €908m (+6.6% on 2018), with 42,277 enrolees.

The "Bilaciato Etico" segment, one of the seven segments of UnipolSai Previdenza FPA, invested \notin 71.7m (-0.8% over 2018) of its assets in a diversified portfolio of primarily bonds and marginally equity instruments in the Eurozone fully managed according to ESG criteria. The assets of this segment represent 8.4% (a decrease of 0.1 percentage points compared to 2018) of the total of the Open-ended Pension Funds offered by the Unipol Group.

Within the context of Protection, the UNIPOLSAI VITA PREMIUM solution was developed, offering TCM cover to customers with a wide choice of ancillary cover (including insurance of the second spouse in the event of untimely death of both parents and the disbursement of a percentage of the insured capital to the customer in the event that a serious illness is diagnosed). The customers affected are provided with subsidies for visits and diagnostics conducted at the affiliated structures to promote and facilitate prevention.

Family Welfare Specialists training continued. These are figures dedicated to consultancy to families for Individual Life and Individual General Classes products and services (Accident, Health). There were 773 of them at the end of 2019. A new organisational structure has also been created, composed of Welfare Consultants and aimed at supporting the network in the development of Welfare Plans dedicated to entrepreneurs, their companies and employees.

Property

The Group satisfies security needs with new property protection services, both home solutions (personal automation) and services for Commerce and Business.

As regards the home, 11,200 policies were sold in 2019 with telematic devices that enable protection from the risk of theft or prompt intervention in the event of smoke, flooding and gas leaks.

As regards companies that are clients of the Group, a large part of these are SMEs, in line the Italian entrepreneurial fabric. In order to respond to the requirements of these companies, the Group always strives for greater integration of its offer with services and conditions which, on the one hand, promote and support prevention, understood as an approach that facilitates the continuous existence of the insurability conditions of the individual actors and overall sustainability for the Company, and on the other facilitate the rebound in economic activities in the event of an accident which jeopardises this, by recognising this as a key element for the competitiveness of the actors involved.

The areas of intervention on which the new products, new cover and new services focus very often concern risks which have more recently become a priority in the concerns of companies and of the system as a whole and those which are occurring more frequently, such as, for example, risks connected with climate change and cyber risk.

With regard to the first issue, some of the solutions developed or reinforced in 2019 include:

- the new **product for agricultural and agri-tourism companies**, which provides insurance cover for climate events that affect the crops of policyholders including in geographical areas that have not been subject to such critical events in the past, with the possibility of insuring up to 100% of the value of the content and buildings. A "special organic indemnity" is envisaged, which grants an over-valuation of 20% in compensation for organic products;
- the "Energia Sole" insurance product intended for companies that produce energy from renewable sources, a solution aimed at empowering and supporting companies that make the biggest contribution to the transition to a green, low carbon emissions economy. It covers all renewable sources simultaneously and may be a solution for energy communities.
 "Salva Sole" cover provides economic support for photovoltaic power plants in cases of a fall in energy production caused by reduced radiation, calculated on a parametric basis with respect to the average value recorded during the latest three-year period in the municipality in which the plant is located;
- **"Pronta Ripresa**" cover, which makes firms affiliated with the Company and specialised in Disaster Recovery and Business Continuity available to policyholders, thus reducing indirect damage of an economic nature. In order to speed up the postevent management process and the claims settlement procedures, the use of video appraisals has been introduced, and the settlement structures are equipped with innovative tools to check damage connected with catastrophic events.

In terms of prevention, UnipolSai has developed a predictive model able to warn customers in advance of risks of hailstorms, strong wind, rain or snow, by sending alerts through the UnipolSai app or by SMS, and has made the **CRAM Tool** available for use on tablet or smartphone. This self-assessment tool for climate risks has been designed to help Italian SMEs face extreme weather events and was used by over 6,000 people by the end of 2019.

In relation to the **risk of cyber attacks**, the Group has developed increasingly broader and more comprehensive cover, able to significantly mitigate their consequences through concrete measures and compensation for a wide range of cases. These include, for example, compensation for costs incurred in resolving software malfunctions and restoring archives damaged in the event of a cyber attack, compensation for the removal of information from the internet that is harmful to reputation or for the unlawful use of data in the event of intrusion in the archives, and also (as in the case of the product aimed at producers of photovoltaic energy), the provision to compensate damage to plants even if derived from computer damage.

A new product is also dedicated to **Third-Sector Bodies**, fundamental actors for preserving the social fabric. It was designed for associations and organisations and is structured into five Macro-Areas, i.e. homogeneous groups of activities combined on the basis of the economic and social purposes they pursue: voluntary work, amateur sport, social relations and culture, children and other events of a temporary duration. At the end of 2019, the UnipolSai Third-Sector policy had collected premiums totalling \notin 2.7m.

The Group continues to invest in training **Business Specialists** and their insertion into the UnipolSai Agencies. These figures are specialised in consultancy for businesses and professionals; at the end of 2019, there were 650 such specialists, of whom 163 were introduced during the reporting year.

In addition to the creation of products that protect customers from climate risks, UnipolSai provides its expertise to the community to make it more resilient.

In 2019, the Group continued with its commitment within the framework of **LIFE DERRIS**, a public-private partnership project through which Unipol launched a consolidated engagement process aimed at SMEs (both UnipolSai clients and others), the public administration (Municipalities and Regions) and representative organisations (Chamber of Commerce and trade associations) with regard to risks connected with climate change and the possible interventions and risk management measures. This project seeks to raise the awareness of all stakeholders with regard to risks that are still very undervalued and provide specific expertise on the management of climate-related risks through the organisation of training events, the development of web training snippets and the creation of a web tool for the self-assessment of climate risk that is available free of charge. In 2019, 4 training events were organised (in Almese, Avigliana, Bassiano and Milan). Over 270,000 had their awareness of this issue raised in a campaign conducted by UnipolSai on the LinkedIn platform in December 2019.

Financial inclusion

The development of solutions of shared value is supported by other initiatives and projects that guarantee the extension of access to financial services to disadvantaged segments of the population.

Over €1.1bn of the Group's insurance premiums, Life and Non-Life, were paid by customers with a zero-rate instalment plan. In addition, insurance proposals were developed for young people, who can take out social security cover with payments adjusted to their means. "Smart" cover is offered to micro-businesses and specific cover in the event of death and permanent disability following an accident are dedicated to non-EU citizens.

A further element of UnipolSai's financial inclusion policy consists of the micro-insurance projects carried out in collaboration with ICMIF (International Cooperative and Mutual Insurance Federation). The project, named 5-5-5 Mutual Microinsurance, involves five countries (Colombia, Kenya, India, Sri Lanka and the Philippines), with a potential number of beneficiaries that reaches up to 5 million uninsured households, amounting to 25 million people.

Technology to support protection

The investment in telematics and in support of the processing of data and the development of new technologies represent a fundamental lever for creating shared value, since they enable the generation of concrete returns and tangible benefits for customers.

These include, for example, improving the ability to detect fraud by automatically identifying suspect cases in a "predictive" way, reducing the costs of claims, increasing knowledge of the real needs of customers, creating new services and products offered to customers in various segments.

In 2019, **investments in ICT** totalled \in 79.3m and were aimed chiefly at enabling the creation and rapid integration of new components and computer ecosystems (around 30%) and expanding the interaction with the new channels and devices of customers, agents and partners, in order to promote growth opportunities in the mobility, welfare and property ecosystems (over 20%).

78.1 terabytes of telematics data were managed during the year.

The investment in data, telematics and innovation in general represents a lever for the Group in constructing distinguishing assets that generate concrete returns for the business. In 2019, these effects concerned a range of areas and initiatives, summarised in the following representation.

Innovation projects per ecosystem

OBJECTIVE	PROJECTS	PHASE	ECOSYSTEM
	Virtual assistants based on Al Chatbots	•	
EXPANDING SERVICES	Innovative NLT in the agency	•	
FOR CUSTOMERS AND	Telematic device for motorway toll payments	٠	
AGENTS	App Services for payments in mobility	•	No.
	Multichannel sales	٠	
	Gift Card	٠	
EXPANDING THE OFFERING	Welfare Services in the Agency - Innovative "caring" models for customers	•	Welfare
	Utility Services in the Agency	٠	
AUTOMATING	Robotic Process Automation	•	6
PROCESSES	Acquisition and automatic analysis of images to support settlements	• •	MOBILITY
	Social Intelligence	٠	
IMPROVING	App for dynamic customer feedback	•	
UNDERSTANDING OF	Platform for managing and monitoring customer relationships	•	MOBILITY
CUSTOMER NEEDS	Platform for retrieving incomplete quotes	•	
AND RELATIONSHIPS	Platform for managing and monitoring customer communication	•	WELFARE
	campaigns Evolution of UniSalute digital touch points	•	WELFARE
	New assistance services and dangerous driving style alerts	•	
	Development of vehicle telematic box hardware with proprietary technolog	•	willing .
	Proprietary anti-abandonment device for children's car seats	•	
PREVENTING AND PROTECTING WITH	App for trying out new methods for measuring driving behaviour	•	No.
THE SUPPORT OF TECHNOLOGY	Kit to monitor the health of the elderly	•	
	Anti-aggression bracelet	•	WELFARE
	Evolution of the home automation and service kit	•	
	Support for the analysis of weather risk	•	PROPERTY
6755167151116	Big Data Analytics for tariff sophistication	٠	
STRENGTHENING TECHNICAL EXCELLENCE	Automatic analysis of documents supporting claim management	•	
WITH THE SUPPORT OF	Settlement - Telematic accident reconstruction	٠	
TECHNOLOGY	Support for outwards reinsurance in the General Classes	•	PROPERTY

Key:

INCUBATION

 \bigcirc



MARKETING



Source: IT Services Department at UnipolSai, Chief Telematics and Insurance Services Officer at UnipolSai, General Management at Alfaevolution Technology, Chairman of Leithà

Customer relations

The focus on the customer starts at the launch of the commercial relationship and continues throughout it, right up to the activities aimed at monitoring customer satisfaction.

Definition of new products and services

In compliance with the IDD regulations, the Group has adopted **Product governance and control policies** for the Non-Life and Life Businesses, which define the oversights to adopt from the design phase of a product until its marketing, while also providing for monitoring throughout its entire lifetime. The new products and services, as well as the modifications of existing products and services, are subject to prior verification of compliance with the applicable legislation, which takes account of the consistency thereof with the expectations of the customers for whom they are intended.

Understanding insurance needs is a key element of this process. During the definition of new products and services, the Unipol Group launches **listening initiatives**, both aimed at a wide audience (e.g. through surveys) and more targeted and restricted (focus groups and interviews), including through dialogue and cooperation with Member Organisations, which may lead to participatory planning opportunities.

This second method was adopted in 2019 for the design of the new product for agriculture, for that aimed at producers of renewable energy and for the product dedicated to the Third Sector, as well as in relation to the development of a smart anti-abandonment cushion for children. This approach enables the collection of important suggestions for developing adequate responses to the needs of the various targets and is particularly effective with regard to social and environmental needs, satisfaction of which generates shared value.

Customer Protection and Responsible Selling

The Companies are committed to drafting the offer documents in accordance with the precepts of the reference legislation, paying particular attention to the use of simple language, transparency of information and the alignment of conditions within the various documents referring to the same product/service; the same focus on protecting the customer is adopted when defining advertising messages.

UnipolSai has equipped itself with tools available to intermediaries, such as the "Personal Consultancy Tool" to provide better support to Customers in their insurance choices based on their personal and professional characteristics, income and risk profile. In accordance with the provisions of Art. 182 of the Private Insurance Code, the advertisements designed by UnipolSai are structured in a way that will not mislead consumers with regard to the characteristics, nature, coverage and risks of the product on offer and use clear, visible and legible forms of expression and characters.

The **Certification of Life products**, which the Group has used since 2013 to guarantee to customers that the values of transparency, fairness and product value have been respected, was confirmed in 2019 for all the Investment Line, Savings Line and Pension Line products. The certification provides for verification of compliance and certification of the quality of UnipolSai's adherence to the product regulations according to the values of transparency (complete, understandable and traceable information), fairness (clear and balanced cost) and product value (protection of capital and selected investments) by the Bureau Veritas certification body, with regard to product development and investment processes and the management of the after-sales relationship with the customers.

Proximity in the event of claims

The occurrence of a claim is the moment when customers put their faith in their insurance company to the test; UnipolSai constantly invests in supporting them in the rapid and satisfactory resolution of any damage caused.

For claims in the MV Businesses, development continued in 2019 of the "**telematic settlement**" process, which makes innovative use of the information provided by the black box in support of checking that the declaration and actual dynamics of the event are consistent. The new *Real Time 2.0* process was also launched. This envisages the opening of a claim based on the impact shown by the data from the black box.

The effectiveness guaranteed by the use of telematic data during the settlement is more significant in areas where there have been historically higher numbers of claims, in particular with injuries, as well as higher cases of fraud, where the black box was used for a better assessment of the expected risk and is, as a consequence, more widespread.

The device is particularly relevant in southern Italy, where the claims supported in the preliminary investigation stage by the presence of the black box account for 70% of the total (compared to 50% at the national level).

The use of telematic information makes it possible to speed up settlements for insured customers and to reduce the average cost of claims (fall of -1.6% in 2019 thanks above all to the reduction in the average cost for claims in central and southern Italy).

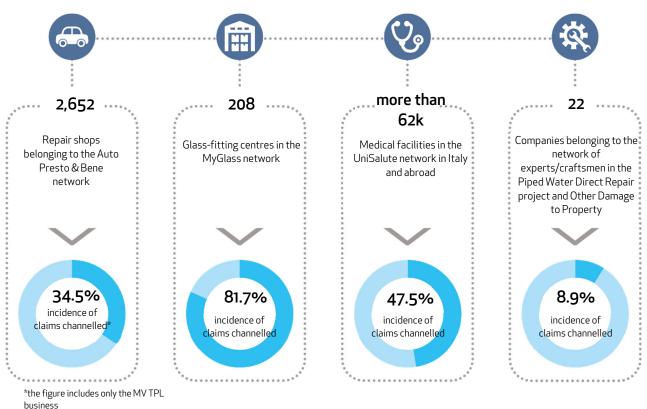
The Group's settlement model also envisages a specific service for people with slight injuries (in relation to MV, Accident or General TPL policies), who have the possibility of having their medical/legal examination performed directly at the CPM (Medical Booking

Centres) located in the Company's Territorial Settlement offices, to then receive a prompt settlement. Here also investments in technology were made in 2019 to improve the level of service.

Over the years, UnipolSai has constructed, and continues to develop, a network of partners who interact with customers directly and assist them, in resolving (not merely through compensation) the damage they have suffered, concerning vehicles, people or property.

This internalised service model ensures a significant saving, in addition to the level of service assured by the Group's expertise in choosing its partners.

The percentage of policies taken out with additional services was 45.5% in the case of Auto Presto&Bene (AP&B) and 40.6% for My Glass, 13.9% for the craftsmen network and 14.9% for zero-rate financing (13.2% in 2018).



The impacts of direct repair and channelling

Source: Chief Telematics and Insurance Services Officier UnipolSai

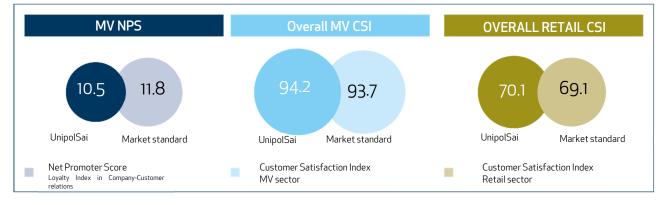
Monitoring satisfaction

The Customer Satisfaction analysis conducted in 2019 for UnipolSai showed a positive performance both compared with the previous year (+3.1 p.p.) and with regard to the market standard (+0.5 p.p.) The result was achieved mainly by relationship and service elements which constitute a positive characteristic of the Group's network.

In 2019, the "NPS" (Net Promoter Score) customer satisfaction indicator was, like the market figure of traditional companies, slightly down (10.5 compared with 11.3) but still very good: almost a third of customers are promoters of the Company.

In the MV NPS, the position of UnipolSai was in line with that of the market standard represented by traditional and direct companies. The two NPS values (market standard 11.8; UnipolSai 10.5), the difference between promoters and detractors, do not differ statistically: an analysis of the two variables which generate the NPS shows that the portion of promoters was equal to the market standard, while that of detractors - leading to a reduction in KPI - is higher for UnipolSai (+1.3). Observation of the last few years shows that positive word of mouth with respect to UnipolSai was never very different from that of the market standard, although never having managed to overtake it. The trend in the percentage of detractors is similar, while that in the company's promoters is more positive, which is what has led to the current situation.

Customer satisfaction survey - Italy



Source: Marketing and Commercial Communication Department at UnipolSai

During 2019, the internal bottom-up NPS detection process that correlates the service provision processes with customer satisfaction continued. The model, aimed at seeking opportunities for internal improvement, is currently active for 9 points of contact between customers and the Group throughout the entire relationship, composed of 17 moments. Thanks to the increasing focus on listening to customers for the optimisation of processes and procedures, 13 improvement measures have been identified. Some of the most significant measures that help to improve loyalty and the customer experience include extending the current opening and tracking features of the UnipolSai app, by implementing features to monitor claims directly and reinforcing assistance services.

The satisfaction and loyalty result for the network of UnipolSai agencies shows an improvement of 7% compared with the previous year, with an assessment score of 3.39 on a scale from 0 to 5 for agents and a market benchmark of 3.26.

73.5% of customers are very loyal (with the company for over 6 years); the average customer has stayed with us is 15 years. Customers who purchase policies with integrated services are more loyal (e.g. the overall loyalty rate in MV TPL is 87%, rising to almost 90% for those with policies comprising services provided by MyGlass and AP&B). The relationship is further strengthened when the customers have the chance to try such services, with even higher loyalty rates.

The annual UniSalute customer satisfaction survey, conducted on a sample of 2,000 policyholders who have made at least one claim, showed average satisfaction with the services of 7.1 (out of 10).

For Companies in the non-insurance segment, the UNA Group has implemented in particular a customer experience evaluation, which measures satisfaction indices of guests with regard to the chain and the individual structure. The positive Net Promoter Score values obtained in 2019 are supported by rapid and simple communication mechanisms, known as "In Stay Surveys", through which the guest is able to state the critical issues encountered "in real time" to enable the Departments of the structures to resolve them immediately, before the guest leaves; in 2019, these solutions were considered positive in 88.8% of cases.

Anti-fraud measures

Combating fraud is essential for the insurance business, not only in the interests of the Company but also and above all to protect customers who have acted correctly.

The **Anti-fraud** Function at UnipolSai carries out activities to prevent, detect and combat fraudulent conduct that damages the Company itself and the other Group Companies not equipped with a dedicated independent structure; the object of these activities is to combat fraud in both the insurance and settlement fields.

In 2019, a new **anti-fraud engine** was adopted, which introduced new innovative technological solutions in the field of data management, artificial intelligence and predictive learning, by making the process more efficient and enabling the automatic identification of suspect claims and the analysis of relations between the various parties involved in the claims.

During the year, to supplement the work conducted by the Group's Lawyers and Anti-Fraud team, the Special Areas of the Claims Department analysed some 30,000 reports of suspect transactions during the settlement phase. Depending on the results of the investigation the claims managed by the Special Areas may be reported to the Anti-fraud Function for possible criminal action, closed with no further action, concluded with a reduced settlement or settled in full if proved genuine.

Anti-fraud: Cases reported, verifications, complaints



Source: Governance, Legal Affairs and Human Resources Co-General Manager at UnipolSai

Complaints management

A complaints management policy is in place in the UnipolSai Group's insurance companies, which defines guidelines for the proper, timely management of complaints relating to the conduct of the Companies, well as the agents and direct brokers on which the former rely for brokerage activities. The approach to managing disputes is characterised by protecting the interests of the customer and supports, where possible, negotiated solutions.

During 2019, IVASS complaints directed to UnipolSai Assicurazioni alone totalled 13,450, a fall of 6% compared with the previous year. The number of complaints every 1,000 UnipolSai policies was 0.4, practically unchanged from the 2018 figure, while the percentage of claims generating a complaint (2019) fell from 0.8% to 0.7%.

947 3,032 6,529 Total Accepted Rejected 18,321 Settled Under investigation 7,813 Other Administrative Industrial 0% 76% 13% 2% Commercial Inform. Claims Systems

Breakdown of complaints by phase and by area (total for Italian companies)

Source: Governance, Legal Affairs and Human Resources Co-General Manager at UnipolSai

In 2019, the UNA Group received 105 complaints through the address indicated on the website (-36 compared with 2018).

The Distribution Network

 $\label{eq:source: UnipolSaiSales Department and other Companies' General Offices$

2019 saw the continuing streamlining and consolidation of the agency network, aimed at optimising the nationwide coverage. In particular, 381 reorganisation interventions were conducted aimed at consolidating and optimising the geographical coverage by



8,195

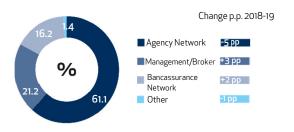


5,574

294 Assicoop points of sale 31,978 Primary network agency partners in Italy € 3.3 m Direct investment for the training of the sales network

Breakdown of premiums by channel

Local distribution network



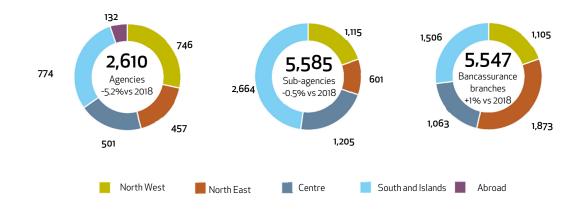
The UnipolSai Group is composed of companies with their own specific features and specialisations derived both from the histories of the individual businesses handled and from the strategic models applied to distribution.

The geographical presence of the distribution network

Source: Administration, Controlling and Operations Co-General Manager at UnipolSai

At 31 December 2019, the Group's Italian geographical coverage is guaranteed by a network of 2,610 agencies, of which 2,429 were UnipolSai (at 31/12/2018, there were 2,753 agencies, of which 2,591 UnipolSai), and 5,585 sub-agencies, within the framework of which some 33,000 qualified professionals work (512 of whom are multi-firm agents) and by the intermediation of 589 brokerage firms (-33 compared with 2018).

This comprehensive network is supplemented by 5,547 points of sale that are part of the bancassurance partnership, distributed across the whole of Italy and stable in number compared with the previous year¹⁴.



 $^{^{\}rm 14}\,{\rm For}$ details on the agreements, see the "Activities and sectors" paragraph

the agency network; 170 of these were combinations with conferrals of portfolios, i.e. operations aimed at promoting the growth of the agencies involved. The numerical reduction was made according to a market repositioning rationale: in response to increasingly fierce competition, it became necessary to employ a structured approach with respect to customers, with specialised and expert intermediaries and a geographical coverage that could not do without the sub-networks.

There has thus been a growth in the size of agencies and their development into a more managerial model which makes them more robust and better structured as regards organisation. During 2019, the average size of the agencies rose by 7%, the average number of sub-agents per agency increased by over 4% and the average number of employees per agency by 3.5%. 18% of agencies are found in municipalities with fewer than 15,000 inhabitants, while 11% of agencies are located in the 4 main metropolitan cities with over 700,000 inhabitants (Milan, Rome, Naples and Turin).

The local presence is characterised by the five Corporate Agencies (Assicoop) that provide their services through 294 points of sale (288 in 2018) located throughout Emilia Romagna and Tuscany.

The Assicoop ownership structure sees the participation of Cooperatives, Political/Trade Union Organisations and Employee and SME Representatives, as well as significant representation from the Company.

In 2019, the Assicoop guaranteed services to over 431,000 customers, with premium income of over €694m (+6% on 2018).

Outside Italy, the Group operates in Serbia through a multi-channel network made up of both internal and external structures. The 132 points of sale (-6 compared to 2018) rely on roughly 960 external partners and employees to provide services mainly in the northern part of the country, supported by direct sales channels through the Internet.

Relations with the Network

The second-to-none coverage was also made possible thanks to the innovative **Patto UnipolSai 2.0**, the supplementary agreement applied within the agency distribution network and thanks to the improvement of distribution agreements with the partner banks.

The sales network is constantly involved, especially through dialogue with the 6 Agent Groups on topics of common interest, such as the identification of improvement solutions; the creation of new products; training; the improvement of operating procedures; sharing the topics of the 2019-2021 Business Plan; sales/marketing, management and operational initiatives, and, more generally, all innovation processes being developed by the Group. 2019's activities were structured into 19 meetings with the Agent Group chairmen, 38 Technical Committees and 22 operations work groups.

During the year, activities were carried out in support of the development of the business in line with the objectives of the business plan:

- the introduction into the UnipolSai agencies of professional figures, entitled Business Specialists, who represent the reference
 persons in their dialogue with the Agencies and professionals, with whom they liaise with the objective of increasing the
 productivity and competitiveness of the client companies. At the end of 2019, the Network of Business Specialists was
 composed of around 650 professionals, 163 of which were introduced during the reporting year;
- training of the Family Welfare Specialists, 773 figures dedicated to consultancy for households on Individual Life and Individual General Classes products and services (Accident, Health). In addition, a new Organisational Structure was established within UnipolSai composed of Welfare Consultants and tasked with supporting the Network in developing Welfare Plans dedicated to Entrepreneurs, their Companies and Employees;
- the continuation, within the Agency Network, of a change management process aimed at encouraging the use of new
 infrastructures in support of digital processes and in mobility. The cornerstone of this change management policy is the
 development of the CRM (Customer Relationship Management) operating tool. Some of the main projects include the
 development and adoption, by almost every Agency, of the new "Leonardo" Digital Workspace system, which supports each
 agency in gaining more in-depth knowledge of its customers and in identifying their potential needs;
- the developments of the Personal Consultancy Tool, used to provide consultancy to Customers which, thanks to full integration between CRM data and external databases, provides concrete support in analysing customer needs and reinforces the professional role of the intermediary, by improving the quality of service offered.

The **digitisation** of the processes continued, including through the simplification made possible by the mobility activities: all agencies can operate using entirely mobile solutions, both for consultancy and for the management of quotes, the issuing of policies and payments (thanks to sale through mobile devices and collection through Advanced Electronic Signature). Over 1.6 million customers (17.8%) have signed up to Advanced Electronic Signature and 11.8% of policies were signed using AdES.

In terms of disseminating a culture of information security, the online **Cyber Security Evolution** course was made available in 2019, to go into depth on risks connected with Cyber Security and improve both the awareness of actions which may cause damage to the Group and to individuals and increase the IT skills of agents and staff. By the end of 2019, cyber security courses had reached 9,551 people, with a total of 41,660 man-hours.

The Group's commitment to the development and digitisation of the agency network was recognised by the Chief Information Officer network of the main medium-large companies within Italy (CIONET) which gave UnipolSai an award in the CIO+ Empowerment Officer category for its use of Information Communication Technology (ICT) as a lever for digital transformation in support of the agency network.

The UnipolSai Group made training courses available for the entire sales network during 2019, partly to fulfil its duty to do so but mainly to develop the expertise of its intermediaries.

With **direct investment of \in 3.3m**, over 1.1 million hours of training have been provided to employees in the sales network (including those abroad and employees of the partner banks of the bancassurance companies). Traditional classroom training methods were used in addition to webinars and the digital learning format. For the agency network, the average daily participation reached 133 webinar intermediaries in classroom or mode and 1,029 intermediaries in remote training. There were an average of 28 training hours of training per capita for the agency network and 24 for the sub-agency network. With regard to the distribution of training by gender, the values were virtually equal: there were an average of 25 hours of training per capita for women and 24 for men.

Training the network in Italy

Primary agency network training (agencies and bancassurance channel)	31/12/2019	31/12/2018
Number of participants (e-learning, classroom, webinars)	266,114	257,198
Number of trainees(e-learning, classroom, webinars)	20,951	19,810
Number of courses (e-learning, classroom, webinars)	421	421
Number of Man-Hours (e-learning, classroom, webinars)	435,555	424,248
Secondary network training (sub-agencies)		
Number of participants (e-learning, classroom, webinars)	344,697	443,208
Number of trainees(e-learning, classroom, webinars)	33,615	33,830
Number of courses (e-learning, classroom, webinars)	346	357
Number of Man-Hours (e-learning, classroom, webinars)	690,258	747,729
Total network training		
Total participants (e-learning, classroom, webinars)	610,811	700,406
Total trainees(e-learning, classroom, webinars)	54,566	53,649
Total courses (e-learning, classroom, webinars)	767	778
Total Man-Hours (e-learning, classroom, webinars)	1,125,813	1,171,977

Source: Chief Academy Officer at UnipolSai and General Management at Other Companies

Some of the training courses aimed at the agency network include:

- The **Progetto BPR4 Assessment** for access to broader underwriting independence. In line with the Plan, the project set itself the goal of revising/automating the underwriting process with reference to the new agency independence model. Quarterly assessment sessions were activated, which concluded on 31 December with the final phase of mass opening to the entire network (4,200 agents) in relation to 4 businesses: Accidents, Theft, TPL and Fire. The project will continue with the planning of classroom sessions in 2020;
- the IMA Master's- Agency Innovation Manager: now in its third edition, forms part of a managerial development process aimed at providing people from the network with learning tools able to encourage innovation. During 2019, a further 24 high-potential agents were involved;
- training on the **Agency Utility Services**, developed with new engagement events aimed at agents, training trainers for the RSCAs (agency business development officials) with 1,153 participants from 893 agencies and 71 classrooms aimed at agency specialists which involved 1,645 participants from 805 agencies;
- the Family Welfare To Be 2019 project, dedicated to specialised figures in the secondary sales network, which involved 400 sales staff in 2019;

- the **Welfare and Life Master's**, launched with the first tranche of 150 Agencies involved, which will continue its training in 2020. This is a 14-day training course, aimed at increasing the knowledge of public and private welfare developments, favourable taxation, the structured offer of life, health and accident solutions and flexible benefits for our client companies and their staff;
- the Master's in Business Acceleration, created to support the Network in correct change management with respect to the managerial and commercial role requested from the UnipolSai Agent of the future. Launched in 2018, it concluded in September 2019, involving around 414 agents;
- the "Costruiamo il futuro" (let's build the future) course aimed at the UnipolSai Agents of tomorrow, to build a new model of Agency consistent with the Group's Business Plan, delivered to 35 Candidate Agents identified by the Sales Areas, supported by Mentor Agencies. Launched in July with a Kick-Off day and 4 area Launch Meetings, it will include 6 modules which will conclude in May 2020;
- the Agent Professional Responsibility course, developed in partnership with CGPA (Cassa Mutua di Garanzia dagli Agenti), whose face-to-face sessions involved around 800 agencies.

The satisfaction and loyalty result for the network of UnipolSai agencies shows an improvement compared with the previous year: in 2019, the agent evaluation score was 3.39 on a scale from 0 to 5 (compared with 3.15 the previous year), with a market benchmark of 3.26, stable compared with the 3.29 recorded in 2018.

Among the variables considered, the overall adequacy of the information systems and ease of use of the applications is assessed more positively by UnipolSai agents (6.3) compared with the assessment given by the market (3.8).

Further proof of UnipolSai Assicurazioni's commitment to a satisfactory relationship with the sales network lies in the company's being adjudged as having the Best Agency Network during the Insurance Year and receiving a prize at the Le Fonti Awards 2019.

In the **bancassurance segment**, Arca Vita and Arca Assicurazioni provide their banking partners with commercial assistance, a training course focused on the business and for IVASS purposes. The course was provided through classroom modules integrated with *e-learning* modules for all banking operators authorised to place insurance products and services and focused on upgrading technical and regulatory knowledge know-how and the knowledge of cross-cutting areas of expertise.

The offer has also been enhanced with long-term projects which have seen the integration of various training methods (e-learning, classroom, on-the-job training, project work, social learning, etc.) and the involvement of professional targets associated with the sales network that are particularly crucial for the development of the business.

UNIPOLSAI AND INVESTMENTS

60 billion assets

of assets proved sustainable following ESG monitoring

98.6%

in thematic investments in support of the SDGs

The Company UnipolSai manages a portfolio of over 60 billion assets, if we consider both listed and unlisted securities, composed of 40 billion in direct investments of through funds in government bonds (67%) and around 19 billion in corporate bonds and funds (31%).

Investment policies

The investment policies implemented by the Group adhere, in terms of long-term investments, to the general criteria of prudence and of preserving asset quality through a process of selecting issuers based on their strength and diversification, in line with the "**Investment Policy**". Also during 2019, by integrating traditional risk and financial return analysis techniques with the non-financial ESG analysis, investments were made which helped to strengthen the position in Companies that reconcile profitability and risk management targets with relevant social and environmental sustainability characteristics.

Since **2012**, the Group has assessed the sustainability of all investments through quarterly, ex-post monitoring¹⁵ of sustainability risks, with the intention of combining economic and profitability objectives with ESG (Environmental - Social - Governance) targets of an environmental, social and governance nature of both companies (corporate shares and bonds) and countries (government bonds). The SRI strategies applied to investments include first and foremost **Exclusions** and **Screening based on International Conventions.**

As proof of the UnipolSai Group's commitment to supporting and being part of economic and social development that is also sustainable for future generations, since **2017** it has signed up to the UN-PRI (Principles for Responsible Investment) and the Climate Action 100+ collective engagement initiative, with the clear goal of promoting sustainable and responsible investment and being active in addressing behaviour that is harmful for the environment. In **2018**, the Group joined the CDP Investors to be able to properly assess the impact on the climate of its investment choices and lastly signed up to the Talanoa Call for Action with respect to the objectives of the Paris Agreement structured into various actions and signed by Governments and Companies.

In December 2019, the Group approved the "Guidelines for investment activities with reference to responsible investments ("SRI Investment Policy")", an integral part of the Investment Policy, which formalise UnipolSai's commitments to integrating risks and opportunities connected with ESG factors into the investment decision-making process. The point of reference when it comes to implementing the Unipol Group's SRI strategy is the United Nations Global Compact, which, through its four pillars, addresses all the fundamental topics of the three ESG dimensions: Environment, Human and Employment Rights, Corruption (Governance).

As regards **risk** monitoring, the SRI Investment Policy has reinforced the limits on investments in Companies with a significant environmental and social impact through two tools: on the one hand, the block to potential new investments with insufficient ESG performances before the investment decisions, i.e. *ex ante* intervention in the investment universe, and on the other, by defining a series of sectoral exclusions broader than that applied up to this point and thus also excluding Companies connected with mining and the generation of electricity from thermal coal.

From the perspective of **opportunities**, the Group undertakes to ensure ever more significant integration of the use of non-financial analysis into the asset allocation and securities selection process; this will make it possible, *inter alia*, to support, through responsible investments, the transition to a low-carbon economy, by assigning investments into various asset classes with the aim of contributing to the reduction of CO₂ emissions.

In addition, the Group has set itself the goal of increasing **alternative investments**, which have a positive impact on the SDGs, by 84% over three years (2019-2021). More details on this can be found in "The investment choices for the SDGs and combating climate change" paragraph below.



For more details on the SRI Investment Policy, refer to the "Sustainability - Download Centre - policies and regulations - 2019" section on the Unipol Group website.

¹⁵ This monitoring is carried out with the support of the external consultant ECPI S.r.L (www.ecpigroup.com). This is an independent company specialised in assigning ESG ratings and building sustainability indices, which analyses issuer environmental and social performance and governance structure strength in accordance with its rigorous proprietary qualitative and quantitative research method.

The ESG analysis, which covers almost 7,000 companies, is conducted with the support of the partner ECPI, with a wealth of experience and a sound proprietary methodology based on the sectoral materiality of the ESG indicators.

The rating criteria for the evaluation of issuer compliance with ESG principles were developed in line with the "ICCR" ("Principles for Global Corporate Responsibility: Benchmarks for Measuring Business Performance") guidelines and inspired by the principles defined by international bodies such as the UN Global Compact, Global Reporting Initiative¹⁶ and UNPRI – United Nations Principles for Responsible Investment¹⁷.

The ESG ratings assigned to companies are composed of 9 notches¹⁸ and the ESG scores are awarded on a scale of 0 to 100. With regard to the environmental performance of companies and the associated impacts, the following aspects are considered: policies, management, products, production processes, targets, legislative compliance, information transparency and granularity, supply chain. With regard to the social and governance dimensions, the following are assessed: relations with the community, respect of human and worker's rights, corporate strategy, contribution to social and economic development, philanthropy, accountability, diversity, governance, shareholders' rights, combating corruption, position with respect to competitors.

The ESG rating assigned to countries is characterised by the goal of guaranteeing investors that the portfolio is composed of financial instruments issued by Governments that respect the main international environmental, social and governance standards, with no significant problems in any of the above areas. The ratings have a scale of 0 to 10 both for the global rating and for the three environmental, social and governance dimensions. For each ESG dimension, two categories are considered: the Regulation, which assesses the commitment of a Country to sustainability, mainly through the analysis of the ratification status of the main treaties and international conventions, and the Implementation, which assesses the policies adopted and the results obtained in terms of sustainability.

The methodological reference forming the basis of the SRI Investment Policy is described in the internal document entitled "Proprietary Portfolio Blacklist Rules".

Companies (equities and corporate bonds) may be excluded from the investment ecosystem in two ways: product-based exclusions and conduct-based exclusions.

Product-based exclusions

The Group has chosen to exclude investments in companies within individual product categories or sectors that are not sustainable. These products or sectors are associated with risks and significant responsibilities derived from damage to companies, the environment or health. In detail, companies are excluded if they, directly or through subsidiaries, fall into one of the following categories:

- they manufacture unconventional weapons of mass destruction such as cluster bombs, anti-personnel mines, nuclear weapons, biological weapons, chemical weapons and other controversial weapons;
- they are involved in activities connected with gambling, from which they obtain at least 20% of their turnover;
- they are connected with mining and the generation of electricity from thermal coal.

Conduct-based exclusions

The conduct-based exclusion criteria incorporate both an assessment of the level of compliance with ESG principles of each issuer (expressed through a rating which identifies the minimum acceptable standard) and an assessment of any disputes the company may be party to, which is assigned a threshold score for the seriousness of dispute in areas regarding the four principles of the Global Compact. In detail, companies are excluded if they, directly or through subsidiaries, fall into one of the following categories:

- they are involved in serious or systematic infringements of human rights (such as homicide, torture and deprivation of freedom) and employment rights (such as forced labour and forms of child labour exploitation). Considering the seriousness of these acts committed against people, companies will always be excluded in such cases, irrespective of the seriousness score of the dispute;
- they are involved in serious environmental damage and cannot demonstrate that they have developed a strategy for the effective management of the company's environmental impact, they do not pay attention to environmental strategy and management, or to the impact of products and the production process;
- they are involved in serious episodes of bribery and are unable to demonstrate that they have developed a social strategy and a system of governance for the proper management of relations with the various stakeholders.

Countries (government bonds) are excluded if, through the study of a series of indicators that cover all three ESG dimensions, they demonstrate insufficient regard to the principles of the UN Global Compact.

The indicators consider the following areas:

environment: ratification of the main environmental protection treaties and agreements prepared by the UNFCCC - United Nations Framework Convention on Climate Change (e.g. the Kyoto Protocol adopted during the COP3 and subsequent

¹⁶ An organisation launched with the goal of helping both the public and the private sector to understand, measure and communicate the impact that any activity may have on the various dimensions

¹⁷ principles promoted in 2006 by the United Nations to favour the spreading of sustainable and responsible investment amongst institutional investors, which are signed and implemented by financial sector companies. The companies commit to incorporating ESG concerns within investment analyses and decision-making processes, as well as their company policies and practices.

¹⁸ F, E-, E, E+, EE, EE+, EEE-, EEE, from worst to best

agreements, such as that signed in Paris during the COP21 Conference of the Parties) and assessment of overall environmental performance of countries;

- society: ratification of the main conventions regarding respect for human rights (e.g. the UN Universal Declaration of Human Rights) and workers' rights (e.g. the conventions of the International Labour Organisation);
- society civil liberties: the countries classified publicly by the Freedom House NGO as "not free" or "partly free" in terms of civil liberties and political rights are excluded;
- governance: assessment of a country's institutional environment in terms of the presence of democratic institutions, economic freedom, ease of doing business and level of bribery and corruption.

The compliance and reporting phases are accompanied by quarterly checks of portfolios to ensure that the financial operators adhere to the SRI Policy and by reports produced by the Sustainability Function and issued to the entire Finance Department through a transparent report which shows the ESG performance of portfolios in relation to targets.

Sustainability monitoring analyses investments in listed and unlisted financial instruments, excluding ETF and mutual funds, including investments in assets held as a hedge against technical provisions, including investments relating to complementary forms of pension schemes, and unit-linked and index-linked investments managed directly by UnipolSai.

The percentage of investments subject to quarterly verification with respect to the criteria set out in the SRI Investment Policy, calculated against all assets under management, was 84.7% at 31 December 2019, totalling $\in 50.8$ bn.

98.6% of investments screened complied with the above-mentioned criteria at 31 December 2019. The remaining 1.4% of the portfolio was monitored on a quarterly basis and was made up partly of securities that did not meet the requirements and partly of securities not yet covered by the Sustainability Consultant. The following sets forth details of the results of the screening.

The following table shows the number of excluded companies within each criterion at the end of 2019.

At the end of 2019, the coal-related exclusion filter was not yet in place. It will be launched during 2020 to assess the exposure in the existing portfolios and create the blacklist for new investments.

Exclusion category Company	Criteria	Number of issuers
Product-based	Unconventional weapons	44
	Gambling	156
	Human and workers' rights	23
Conduct-based	Environmental Topics	15
Conduct-Dased	Corruption and Bribery	16
	Simultaneous presence of multiple exclusion criteria	5
SubTotal		259
Exclusion category Countries	Criteria	Number of issuers
Countries excluded		141
SubTotal		141
Total Issuers excluded	I	400

Source: UnipolSai Sustainability

Of the 400 excluded companies in the investment universe, 19 companies and 2 countries were found within the Unipol portfolios at 31 December 2019.

There are 3 Companies which are not in compliance with the Group's environmental criteria, representing a very marginal value of the Unipol Group's investments, i.e. 0.09% of the total scope.

In this respect, in order to launch adequate active engagement practices, UnipolSai has declared its compliance with **Climate Action 100+**, a five-year partnership promoted by investors (UNPRI, CERES) to involve companies generating the most pollution in terms of greenhouse gas emissions (GHG emissions) to improve climate change governance, reduce emissions and strengthen financial transparency on these matters. In application of the SRI Investment Policy, in cases where the screening of the investments show a potential ESG risk in relation to an issuer within the portfolio or a potential investment, the structures launch an assessment process for subsequent steps, which may involve the ESG Task Force.

The ESG topics are also considered ex ante in the investment policy of the SRI segment "Bilanciato Etico" of the open-ended pension fund "Fondo Pensione Aperto UnipolSai Previdenza FPA". The assets of this segment represent 8.4% of the total of the Open-ended Pension Funds offered by the Unipol Group.

The impact on the climate of the investment portfolio

The Unipol Group is fully committed to making a contribution to achieving the objectives of the Paris Agreement of 2015¹⁹ and is gradually structuring the tools which support the diagnosis of its climate impacts and defining improvement targets, within the evolving context. In this sense, investment activities are a fundamental area as regards monitoring and intervention for a company in the financial sector, both for the purposes of reducing the impacts of its portfolio and for supporting the economic system in the transition to a low-carbon economy.

For this reason, the Unipol Group, in response to the fact that there is not yet a sharing mechanism at global level regarding the method for calculating climate risk and assessing the opportunities for financial portfolios, launched a process in 2019 to measure its carbon footprint and ensure future climate alignment with the objectives of the Paris Agreement for its financial portfolio, in order to manage and monitor the **alignment of its investment model with the global climate change mitigation targets**. The measurement activities were conducted with the support of Carbon4 Finance²⁰.

Of the multiple metrics that make up the object of the analysis, the main ones are shown in this Report²¹:

- Intensity of emissions induced (Scope 1, Scope 2 and Scope 3), measured for the Corporate Shares and Bonds in tCO2e/€m enterprise value and for the Government Bonds in tCO2e/€m GDP;
- *Climate Alignment*, i.e. the contribution of the activities of companies and issuer countries to global warming, expressed as a temperature, so as to highlight the alignment of the portfolio with the international climate targets from a forward-looking perspective.

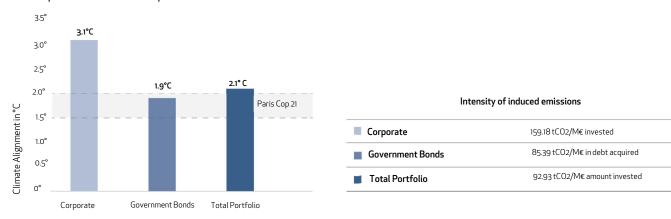
As a projection of the CO_2 emissions of the Group's total portfolio at 2030, based on the national contribution determined for each country, considering the current asset allocation and the selection of issuers, there would be a *Climate Alignment* of 2.1°C, caused by the predominance of government bonds in the Unipol portfolio and, of these, of securities issued by European countries. The point of reference to watch to define the development process in this area is the Paris Agreement of 2015, which has the long-term goal of keeping the rise in global average temperature below the threshold of 2°C above pre-industrial levels and to continue with efforts to limit such an increase to $1.5^{\circ}C^{22}$. One area of attention in particular concerns the potential contribution to global warming of the portfolio of corporate securities, which, in line with the commitments assumed in the new policy governing the investment processes, will be subject to a monitoring and intervention process to reduce the impact currently envisaged.

¹⁹ The Paris Agreement was signed between the member states of the United Nations Framework Convention on Climate Change (UNFCCC); the long-term objective is to keep the rise in global average temperature below the threshold of 2°C above pre-industrial levels and to pursue efforts to limit such an increase to 1.5°C, since this would substantially reduce the risks and effects of climate change.

²⁰ Carbon4 Finance belongs to the Carbon 4 Group, a leading independent consultancy company specialised in low-carbon strategies and adapting to climate change. Carbon4 Finance is a spin-off focused on providing climate data solutions for investors and credit institutions.

²¹ An in-depth analysis of the methodologies used and the detailed results are shown in the 2019 Sustainability Report of the UnipolSai Group and on the www.unipol.it website.

²² In order to have a point of reference with respect to the current global situation, the Intergovernmental Panel on Climate Change (IPCC) has estimated that, if emissions continue to grow according to current rates, the rise in temperature may reach 4°C higher than pre-industrial levels by 2100 (RCP 8.5); on the other hand, if only limited containment measures are implemented, with a rise in emissions until 2080 and then a reduction (RCP 6.0), the increase could exceed 3°C.



Climate impacts of the investment portfolio

Source: UnipolSai Sustainability

As regards the composition of the portfolio, the Group has calculated how much of its investments are aimed at "carbon-related" assets.

"Carbon-related" assets in the Corporate portfolio *	Amount (in €m)	% of Total porfolio**	% of Corporate portfolio**
TOTAL	996	1.8%	7.4%
of which SHARES	105.8	0.2%	0.8%
of which CORPORATE BONDS	890.2	1.6%	6.6%

**Carbon-related" assets refer (according to the definition suggested in the TCFD Recommendations) to those connected with the Energy and Utilities sectors (according to the Global Industry Classification Standard - GICS), excluding Water Utilities and Independent Power Producers (IPP) and Renewable Energy Producers. **The percentage refers to the portfolio of listed securities of the Unipol Group at 30 September 2019.

Source: UnipolSai Sustainability

The investment choices for the SDGs and combating climate change

The management of the Group's financial portfolio creates shared value through the lever of *Responsible Asset Management*, an approach to investment management able to combine economic and profitability objectives with ESG targets connected with the environmental, social and governance impacts of the investments made.

The Group has adhered to the United Nations *Principles for Responsible Investment* (UN PRI) since 2017 and, in line with them, in December 2019, the Board of Directors adopted the "Guidelines for investment activities with reference to responsible investments ("SRI Investment Policy")" (see details in the "Monitoring social, environmental and governance risks" paragraph in the Governance Chapter).

Unipol also has a structure dedicated to the making and management of **alternative investments**, of which *private equity, real assets and hedge funds* form a part, selected through appropriate *due diligence* aimed at identifying activities which also have value in terms of SRI. The process envisages that, in addition to traditional financial analysis, socio-environmental and governance criteria will be analysed and sustainability risks with a potential reputational impact mapped. Investments with these characteristics totalled €385.3m in 2019 (€326.3m at 31/12/2018, a rise of 18.1%). Of these, investments to tackle climate change saw a rise from €223.3m to €274.2m (+22.8%).

In the following table, investments are classed based on their positive impact on various SDGs

lssue	Value € m	SDGs	Issue	Value € m	SDGs
		7 ENERGAPHUM EACTIONERE	Residential care and social assistance	19.0	3 saurre
Renewable energy, eco-efficiency	274.2		Sustainable Consumption and Production	5.4	12 CONSUME RESPONSEL
Sustainable mobility	33.4		Sociale Housing	3.2	
Digital networks and Infrastructures	23.0	9 INVESS INVERSIONE FREESTRETINE	Training and culture	2.4	4 STRUCTURE In QUALEA
Sustainable forest management	22,5		Water	2.2	6 ACOUNTRUINA FERMO REINOS SAMILAR
		TOTAL	385.3 €m		

Thematic and impact investments

Source: Chief Investment Office at UnipolSai

As regards investments in social housing, the portfolio consists of investments in the Housing Toscano, Polaris Parma Social House and Housing Sociale FVG Funds.

According to the Eurosif classification of ethical and sustainable investment strategies, the above-mentioned funds were classified as **Impact Investments**²³, for which, in terms of transparency and based on the new Eurosif guidelines, the percentage of actual impact (corresponding to the value of investment property²⁴) is reported below:

Percentage of impact*	%
Polaris Parma Social House	79.95%
Housing Toscano Fund	81.34%
FVG Social Housing Fund	67.12%

* Data at 30 June 2019 Source: Sustainability UnipolSai

Relations with investors and analysts

The Group's Investor Relations provides the market with adequate and accurate communication of the economic and financial data concerning the Company, in full compliance with the provisions of the relevant regulations in force, to improve the visibility and attractiveness of the Group with respect to investors, ensure equal and continuous dissemination of information and facilitate a correct assessment of the outstanding financial instruments.

At the same time, segment trends and competitor performance are monitored, continuous dialogue is maintained with financial analysts and proactive discussions are kept up with shareholders and potential investors. Over the course of the year, there were 149 meetings or conference calls with analysts and investors during which the Company met with 235 companies. Financial analysts expressed 7 neutral recommendations, 2 positive and 1 negative on the UnipolSai share.

The Group's reliability can be measured through the non-financial assessments of the ESG ratings agencies, which evaluate the dealings of UnipolSai Assicurazioni from the perspective of performance connected with sustainability, or based on the ESG practices implemented by the Company. The scores obtained from the main ESG rating agencies constitute an external, independent recognition of the quality and transparency of the information provided.

These scores are reflected in the presence of Group securities on over 20 SRI indices, belonging to the following series:

²³Investments made with the intention of generating positive social and/or environmental impact along with a financial return. Impact investments may be made in either emerging or developed markets and may have market or below-market returns depending on the circumstances. These investments focus on specific projects and are distinguished from philanthropy. They include for example microfinance, community investments, social investments, the French fonds solidaires funds, etc. https://www.eurosif.org/responsible-investment-strategies/ ²⁴ An investment portfolio should always be diversified; therefore, alongside investments in social housing properties, the portfolio should also include the liquidity to make further possible investments in property and it should be profitably invested in financial assets with adequate risk.

COMPANY	UNIPOLSAI ASSICURAZIONI SpA
	STOXX
	Solactive ISS
SRI FINANCE INDEXES WHERE	FTSE4Good
THE UNIPOLSAI SHARES ARE PRESENT	Standard Ethics
	ECPI
	S&P

Source: Sustainability UnipolSai

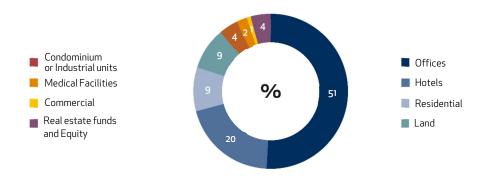
In 2019, UnipolSai received an **EE+ rating**²⁵ (higher than the previous EE) from Standard Ethics, an independent supplier of the sustainability ratings requested by the company.

The Group is also present in the portfolios of the main Pension Funds, which represent international best practices in terms of sustainability in investment choices; these include, for example, the Government Pension Fund Global Norwegian sovereign fund, the French FRR – Fonds de Reserve pour le Retraites, the Californian state pension fund CalPERS (which has both Unipol Gruppo and UnipolSai Assicurazioni securities in its portfolio) and CPP – Canada Pension Fund (which invests in UnipolSai Assicurazioni).

The property portfolio

In the property sphere, the Unipol Group is one of the main operators in Italy by size of assets.

Real estate assets by intended use



Source: Administration, Controlling and Operations Co-General Manager at UnipolSai

 $^{^{25}}$ On a scale of 9 steps from F to EEE, with the latter representing the best score.

In 2019, significant renovation works were carried out in the Milan and Turin markets, including the renovation of the Principi di Piemonte Hotel in Turin and the Milano Verticale Hotel in Milan, both managed by UNA Group.

The Group's properties can be broken down into two macro-categories:

- property "used by third parties", buildings owned by the Group but not used by Group companies. These assets are leased primarily to third parties based on approximately 950 lease agreements;
- "instrumental" property, assets used mainly to carry out the business of the Group Companies.



Geographical breakdown of the real estate assets

Source: Administration, Controlling and Operations Co-General Manager at UnipolSai

In the area of investment property, the Unipol Group adopts a precautionary approach, to protect the human rights of the weakest members of society with regard to the phenomenon of land grabbing, or the large-scale, coercive hoarding of "unused" land, which is sold or rented to third parties (companies or governments of other countries) without the consent of the communities that live there or cultivate that land for food, as defined in the Tirana Declaration²⁶.

Over the course of 2019, due diligence activities, launched in 2017, continued on the Group's real estate assets to identify any critical issues in terms of land grabbing, in order to monitor the maintenance of the Group's commitment to this delicate matter. In particular, the following working groups were formed with respect to its properties:

- owned property assets: screening of the ownership history of the assets (real estate and land)²⁷ to identify those owned by the Group which have passed from public to private ownership, as the transactions most at risk are those in which a private party acquires land previously owned by a public entity, which communities may have accrued the customary right to use over the years²⁸;
- leases: screening of current contracts which have public entities as counterparties;
- real estate funds in which the Group holds shares: verification of compliance with the Group's principles by the Management Companies.

²⁶ ILC - International Land Coalition (2011) "Tirana Declaration: Securing Land Access for the Poor in Times of Intensified Natural Resources Competition" (2011) http://www.landcoalition.org/. The Tirana Declaration, promoted by ILC and signed in May 2011 by 150 organisations from 45 countries, including Italy, lays down the need for promoting fair and safe access to land, reducing poverty, promoting sustainable development and contributing to identity, dignity and social inclusion. An Italian translation of the Tirana Declaration can be viewed on the www.unipol.it website, in the

²⁷ The retrospective analysis of the ownership history of the assets begins, for each Group Company, from its establishment. For example, since 1963 for the Unipol Group, since 1 September 2007 until the merger with Fondiaria-Sai S.p.A. (1 January 2014) for Unipol Assicurazioni; since 2014 for the Companies from the Fondiaria-Sai Group, etc. Unipol Banca has been excluded from the scope since it was sold during the year.
²⁸ The analysis covers not only large parcels of land, but all of it. In this manner, the Group moves beyond the definition of land grabbing by checking for any abuse on all land, with no distinction in

terms of size.

Activities during the year resulted in the mapping of the Group's real estate assets in Italy to investigate any public origin of the assets:

Percentage of asset mapping (Italian companies)	31/12/2019	Historical*
Current Real Estate Assets	100%	100%
Leases	100%	-
Shares of Real Estate Funds	First phase ended	-

*Note: the retrospective historical analysis began from the date of establishment of the various Group Companies mapped Source: Real Estate Department at UnipolSai

From the analysis conducted on the Group's real estate assets (part concerning owned land and real estate) held at 31 December 2019, it was found that no owned asset was acquired by the Group directly from a public entity. The only interactions with a public party took place within the area of urban planning convention obligations in the areas of the central office, where the Group has constructed urban development works (roads, cycle paths, pavements, green areas, etc.) which will then be subject to a transfer free of charge to the Municipality of Bologna.

The historical analysis of the original ownership of the real estate assets, for the period of time considered under the Group's responsibility, showed that, in 2019, 264 million, corresponding to 6.7% of the Unipol Group's assets, had a public origin, but the transfer from public to private use took place prior to the Group's acquisition of the properties.

With regard to the historical analysis of the ownership origin of the properties within the real estate funds, the first phase of the investigation ended during the year, leading to a detailed clarification (land registry references and other qualitative information) of the underlying investments in the funds.

For detailed information, please refer to the "Technical articles" published in the Sustainability section - Download Centre of the website <u>www.unipol.it</u>. For an Italian version of the "Tirana Declaration", see the "Policies and Regulations" for the year 2019 in the same section.

The development sectors

The management and commercial development of the diversified companies continues.

As regards the **hotel sector**, earnings on a like-for-like basis of the subsidiary UNA Group rose compared with 2018 by 4.6%, moving from around $\leq 122.1m$ (figure adjusted by excluding the structures not found within the portfolio in 2019) to approximately $\leq 127.8m$, due to an improvement in both the employment rate and in prices. The company ended the year with a profit of around $\leq 4m$, after the loss of $\leq 3.5m$ recorded in 2018.

To date, the UNA Group is present in 10 Italian regions, with around 5,000 rooms in 39 hotels, resorts, villas and aparthotels, with three distinct brands: Una Esperienze, UnaHotels and Unaway, to meet the needs of different types of travellers.

As regards **healthcare activities**, the Donatello Nursing Home generated turnover of ≤ 26.4 m in 2019, an improvement of around 13.6% compared with the 2018 figure (≤ 23.3 m). The earnings performance highlights the continuing positive trend concerning the core business both for the hospitalisation part (hospital stays and out-patient surgery) and the out-patient part (examinations and diagnostics). The company recorded profits of ≤ 0.3 m, a slight increase compared with 2018.

As regards **agricultural activities**, the sales of wine packaged by the company Tenute del Cerro rose by 12.9% compared with the figure on 31 December 2018, moving from ≤ 6.8 m to ≤ 7.7 m. The overall earnings figure shows an increase compared with 2018 of around 7.5%, rising from ≤ 8.7 m to ≤ 9.4 m.

In 2019, the company **Marina di Loano** confirmed the positive trend already encountered during previous years, by increasing the number of resident mooring contracts (+10% compared with 2018). Marina di Loano is able to house over 900 craft, between 6 and 80 metres in length. As recognition for its excellent infrastructure and services, Marina di Loano was awarded Marina Excellence 24 Plus, "5 Timoni" and "50 Gold" certification from Rina. The international certification body recognised the safety and quality of tourism and accommodation offered by the company. Marina di Loano is ISO 14001 certified.

UNIPOLSAI AND EMPLOYMENT





26.9% Women employees in a position of responsibility 77% of employees involved in the self-assessment campaign

Employees

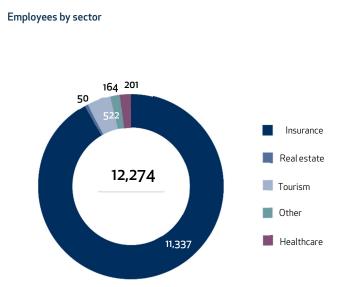
Protecting employment and workers' rights is a priority issue defined in the Code of Ethics, Sustainability Policy, company policies and guidelines which take account of the various areas of activities and different regulations applicable. It is people who are at the heart of one of the strategic components of the 2019-2021 Plan; the Group has committed to investing in professionalism and skills, integrated with investments in technology, in order to speed up the evolution of an operating model that is increasingly geared towards simplification and efficiency.

Some of the investments aimed at achieving the objectives include the allocation of around €90 million to the Solidarity Fund and the commitment to recruit 300 new colleagues in the business areas within the time frame of the 2019-2021 Strategic Plan.

95.7% of employees (of whom 46.4% are men and 53.6% women) have an open-ended contract, which proves our focus on protecting stable employment. Use of staff supply contracts is marginal and concerns only 67 workers, while the number of seasonal workers, employed in the tourism and agricultural sectors, represented 0.3% of all employees. Overall, around 1% of the workforce is composed of interns, apprentices and temporary staff.

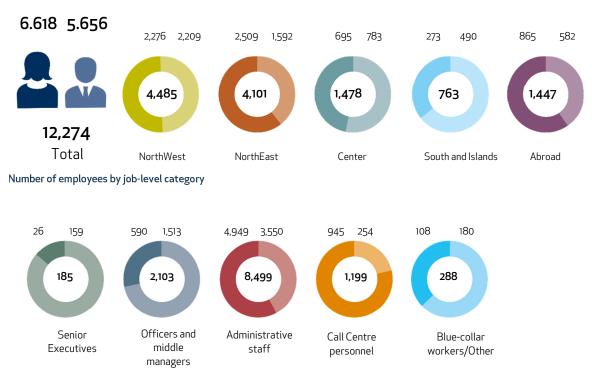
During 2019, within the framework of Insurance and Sales contracts, 144 employees were moved to stable contracts.

The number of employees operating on a part-time basis totalled 2,181, representing 17.8% of the overall workforce; of these, 86.4% were women (28.5% of the total female workforce).



The number of UnipolSai Group employees at 31 December 2019 rose by 2.8% compared with the end of the previous year, due mainly to the acquisition, during the second half of the year, of the companies Car Server and Gieffe Flotte and to the establishment of the Dyadea Medical Centres, giving a total of 199 people. On a like-for-like basis, the overall employment of the UnipolSai Group rose by 1.02%.

Source: Governance, Legal Affairs and Human Resources Co-General Manager at UnipolSai

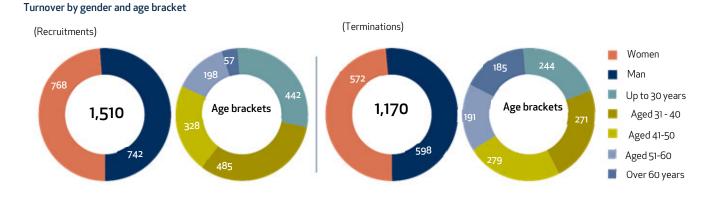


Number of employees by geographical area

Source: Governance, Legal Affairs and Human Resources Co-General Manager at UnipolSai

During the year, 1,510 employees were recruited, while 1,170 left employment, with a recruitment turnover ratio (12.3%), greater by around 3 percentage points than the departure turnover ratio (9.5%). The ratio for voluntary redundancy was 1.61%.

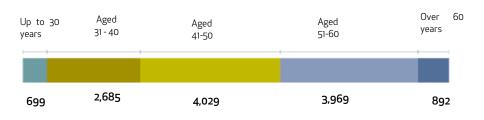
The overall turnover ratio²⁹ for Group employees, on a like-for-like basis compared with the workforce at 31 December 2019, was 21.8%. The use of fixed-term contracts in the hotel sector due to the seasonal nature of the activities significantly influences the turnover figures: the turnover ratio for insurance employees was 11.42%, while turnover net of the hotel sector alone is 14.28%.



Source: Governance, Legal Affairs and Human Resources Co-General Manager at UnipolSai

²⁹ Ratio between recruits and leavers and total employees.

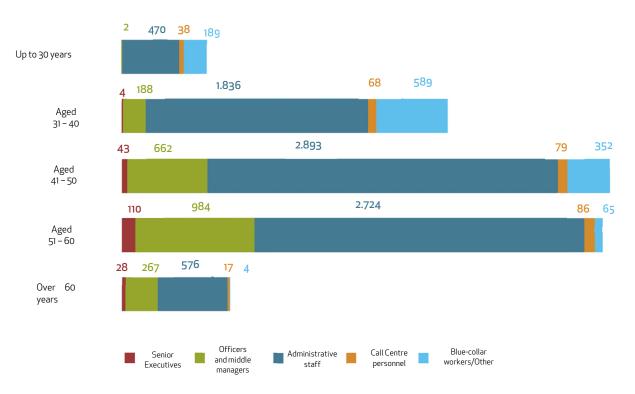
Number of employees by age brackets



Source: Governance, Legal Affairs and Human Resources Co-General Manager at UnipolSai

The average age of the staff in service at 31 December 2019 was 47, as in 2017, while the average length of service was a little over 16 years, like in 2018.

With respect to 2018, the percentage of personnel in service over 60 went from 6.2% to 7.2%. University graduates constitute 42.6% of the staff and secondary school graduates 46.7%.



Number of employees by job-level category and age brackets

Source: Governance, Legal Affairs and Human Resources Co-General Manager at UnipolSai

Training, development and enhancement of employees

The UnipolSai Group, to support the achievement of its strategic goals, invests in a number of levers concerning human capital, from training to the simplification of the organisational model, from development plans to contractual standardisation.

UNICA operates **in the training context**. This is the Group's Corporate Academy, which focuses on the vocational training of all the structures located in Italy, with the objective of increasing knowledge in a range of areas, reinforcing the corporate culture and sharing the management model. On 2 July 2019, the Academy obtained **ISO 9001:2015** Quality Certification.

Direct and indirect investment totalled \in 8.8 million in 2019 (-24% compared with 2018 on a like-for-like basis): direct investments for employees totalled \in 1.9m, while indirect investments amounted to \in 6.9m.

During the year, 94% of potential recipients were involved in training activities organised by Unica (9,937 employees), a significant increase compared with the previous year; **213,087 hours of training** were provided (face-to-face and webinars), of which 55% to men (an average of 20 hours per employee) and 45% to women (an average of 14 hours per employee).

There were around 26,000 fewer hours of training compared with the previous year, including in relation to the launch of the new Business Plan, which entails the deferral of training initiatives, pending implementation of the measures provided for in the plan. One of the most significant initiatives in 2018 was the Managerial Course in Employee Management and Development (Master's and Advanced), the concluding phase of which took place in the classroom in 2019 and involved around half the people of the previous year; lastly, 2018 saw a spike in the number of people following the mandatory courses (Security, OMM, Anti-Money Laundering, GDPR, Cyber Security) through e-learning, partly due to the introduction of awareness-raising measures.

Training provided to employees by job category and average hours by job category

3,712 (20.6 hours on average)	56,714 (26.6 hours on average)	129,020 (14.7 hours on average)	14,838 (11.9 hours on average) (5.4 hours
Senior Executives	Officers and middle managers	Administrative staff	on average) Call Centre Blue- personnel collar workers/ Other

Total hours provided: 214,014 (17.4 hours on average per employee)*

The scope does not include the company CarServer, acquired by UnipolSai in the second half of 2019.

Source: Governance, Legal Affairs and Human Resources Co-General Manager at UnipolSai

The training activities during the year focused on the creation of mandatory and regulatory, technical, commercial, managerial and behavioural courses, as well as on the training of new professional skills in support of the Strategic Plan.

These include the hours of training provided to meet obligations and regarding IVASS Regulation no. 40/2018, necessary to reinforce understanding of insurance products and to provide updates on sector regulations.

Some of the mandatory and regulatory courses included those on **Privacy/GDPR**, with particular focus on Marketing aspects and the problems connected with the profiling and clustering of customers and prospects through the use of Customer Relationship Management systems; the sessions on **Market Abuse**; the mandatory courses on **Workplace Safety** and Anti-Money Laundering In addition, there were certain regulatory initiatives aimed at complying within the provisions of the European legislator and of IVASS. These include:

- The role of Business Managers in the Management of Business Continuity: classroom sessions were launched dedicated to the managers and delegates of the business units affected by the Group's Business Continuity plans, aimed at raising awareness of possible crisis scenarios and the procedures to adopt (in accordance with the provisions of IVASS Regulation no. 38/2018).
- POG (Product Oversight and Governance) technical/regulatory assessment: mapping was initiated of the knowledge and expertise of staff within the Group's POG perimeter to certify the matters addressed in EU Delegated Regulation 2017/2358.

Some of the most significant managerial courses included:

- the **Change Manager** course, which seeks to provide tools, skills and mindsets to perform the new role of Change Manager effectively in the company and in an agency;
- the Sales Tutor and Welfare and Life courses, aimed at reinforcing and specialising the know-how in the Agencies;
- the **Employee Management and Development** course, an initiative launched in 2016 and dedicated to strengthening the awareness of the role of manager of around 1,800 managers of staff in the various Group companies. At the end of 2019, a total of 1,458 Managers had completed the course.

The investment in the training of younger colleagues continued with the launch of the second edition of the **Unipol Insurance Master Program**, which involved 20 new graduates (selected from 982 candidates) on an inter-functional training course combining classroom activities and practical experience, and the second edition of the Unipol Innovation Laboratory, part of the **Next Generation** Project, where 47 young employees worked on their ability to develop innovative business proposals.

The real estate and diversified companies were mainly concerned by technical and regulatory training activities, with a particular focus on occupational safety training.

Within the context of the "HRC Best Practice Awards – Digital Learning", UNICA was recognised for its unstinting commitment to the growth of the professional and managerial skills needed to operate successfully on the financial and insurance markets. The process of consolidating digital and innovative skills among the staff continued with the recruitment of a further 28 persons (in addition to the 24 in 2018 and 46 in 2017), who enhanced the Leithà, Alfaevolution and Chief Insurance Telematics Services Officer functional areas.

The Code of Ethics and the Remuneration Policy outline the principles and guidelines for **enhancing the staff and recognising merit**. The enhancement of real professional expertise and the recognition of actual individual capabilities are strategic assets to be supported and rewarded with fairness, consistency and transparency.

In terms of **assessing performance**, a new **Performance Management process** has been in place since February 2019 with the goal of making staff more aware of strategic priorities, by encouraging adequate technical knowledge and behaviour. The processes implemented for assessing performance entail five phases: defining the objectives, periodic verification during the year, final assessment to measure specific gaps, calibrating and standardising the assessments, sharing the assessment with colleagues. The assessment process, the scope of application of which will be extended during the coming months, is characterised by indicators which contribute to supporting the managers in terms of the management, development and growth of employees.

In 2019, the skills self-assessment campaign continued. It was signed up by 7,167 employees out of 9,282 involved (77% at UnipolSai Group level).

During the course of 2019, 25% of the open positions were filled with internal candidates (+3 p.p. over 2018 if limited solely to UnipolSai Assicurazioni S.p.A), while 568 people, equal to 4.6% of the entire staff, found a new position within UnipolSai Group Companies by changing their activity, duties and department.

The Internal Mobility Policy fosters the continuous adaptation of employee skills to rapid changes taking place in the economic, regulatory and technological realms. At the same time, through this Policy UnipolSai is reinforcing its commitment to offer internal opportunities for advancement.

The promotion of equal opportunities

For UnipolSai, the promotion of a working environment in which professional development is supported irrespective of gender, age, sexual orientation, geographical origin or religion is a key topic within a context of mutual respect and organisational well-being. Inclusion and non-discrimination are guiding principles included in the Code of Ethics and Sustainability Policy and cover both ongoing projects and activities currently being defined.

Women represent 54% of the workforce; 14% of executives are women while, considering all the positions of responsibility as a whole, including officers, women make up 26.9% of the staff in such roles (a rise of 0.4 p.p. on the previous year).

UnipolSai was one of the first 16 companies to comply with the "Charter for Equal Opportunities and Equality at Work" (launched in Italy on 5 October 2009 and currently signed by 700 businesses and public administrations). The Charter provides a reference framework of values and guidelines to guide companies that have subscribed to it in its application; these companies must determine how to implement it according to their situation and level of maturity with respect to the specific issue.

Some of the activities implemented by the Group to put these commitments into practice include:

- the definition of specific guidelines on the matter within the Staff Management Policies, for the purposes of transparency and continuous improvement;
- the signature of agreements with Trade Union Organisations, which UnipolSai considers a key partner for establishing a good working environment;
- the adoption of a Code of best practices which, aside from highlighting the company's mission and values, shed light on a series of potentially harmful behaviours (with reference to mobbing, straining and sexual harassment) which may occur in the workplace.

All workers are asked to read the Code, which remains available to each employee on the Group's company intranet, and comply with the relevant principles of conduct. When oppressive conduct is identified, employees are able to notify the Human Resources Management department as well as send a report to the union-appointed members of the Group's Mobbing Commission.

The concrete promotion of equal opportunities between employees also signifies constantly improving the conditions of well-being and productivity for disabled persons in the workplace. Through the **Disability Manager**, the UnipolSai Group's objective is to offer a global, coherent and progressive approach to supporting disabled employees, so as to minimise the impact of their disability on their ability to play an active role in the workplace. To this end, a coordinated company policy has been defined, based on listening and proactivity, which makes it possible to manage cases of disability as fairly and efficiently as possible, in order to improve the conditions of organisational well-being of people with disabilities with a view to individual empowerment. For the Group companies, the role of Disability Manager was assigned to the Head of the Labour Regulations Function within the Human Resources Department.

At 31 December 2019, there were a total of 570 people with disabilities or belonging to protected categories. The Group, in addition to recruiting new staff from protected categories, has continued to support existing colleagues with disabilities, in order to be able to implement concrete measures for improving the quality of life in the workplace, where necessary.

In line with previous years, training sessions have been conducted on an inclusive culture with respect to disability, including:

- The Ma.Po. project "Understanding disability: methods, tools and technology for job retention". This project involves colleagues from different areas of the company in training and awareness-raising events to support the job retention of people who, during their working life, have developed multiple sclerosis and the monitoring of its progress;
- training courses for executives and personnel managers;
- specific update days dedicated to members of the Equal Opportunities Committee;
- raising the awareness of colleagues who work with people with disabilities;
- training aimed at people with disabilities.

The Group has implemented individual smart-working agreements, "personalised" for the specific needs of colleagues with disabilities; conversion to new professional roles, where required and/or necessary; identifying "reasonable adjustments" in support of employees with degenerative and progressive disorders, by providing specific assistance technologies and the associated training for their use.

In November 2019, a meeting was organised dedicated to the topic of inclusion in the world of work entitled "HackDiversability", the first training hackaton held in Italy which benefited from the crucial participation of disabled persons in creating activities aimed at identifying innovative proposals for a distribution system accessible to the disabled.

In addition, in 2019 no episodes of discrimination (according to Legislative Decrees 215 and 216 of 2003) were recorded, and there were no final decisions or sanctions on this matter.

Employees' health and safety

An Occupational Health and Safety System is in effect within the UnipolSai Group inspired by the BS OHSAS 18001:2007 standard, which establishes an incremental approach with respect to the requirements of the legislation in terms of prevention and a culture of health. In the System, the methods used to manage aspects relating to worker health and safety within the workplace and real estate assets are illustrated, through the definition of a Policy, procedures and responsibilities and by activating a monitoring process oriented towards continuous improvement.

The key points of this approach are as follows:

- the protection of conditions of worker physical, mental and social well-being;
- constant risk monitoring in the individual operating activities (whether they are carried out directly or through suppliers and partners) and in strategic decisions;
- the evaluation of environmental aspects and factors of danger in the phase of designing new activities, processes, products, systems and services;
- training and increasing the accountability of personnel and raising the awareness of suppliers and partners in order to increase their knowledge and involvement;
- the search for the best available technologies for prevention and protection;
- the systematic communication of information on services, guaranteeing the utmost data reliability.

the Management System is reviewed at least annually to verify its suitability, adequacy, effectiveness and efficiency in satisfying the requirements of the reference regulations and applicable legislation and to reach pre-set targets. The review provides an indication of opportunities for improvement and the need to make changes to the system, including the Group's policies, objectives and goals.

In 2019, there were a total of 182 workplace accidents, 125 of which occurred during commuting. On a like-for-like basis, the overall number fell by 5% compared with 2018, due to the drop in accidents while travelling.

Cariousnass by castor3

Accidents*

		Accident frequency by se	actor ³⁰	Seriousness by sectors.	
Total number of accidents	182			Insurance	0.18
of which % suffered by	35%	Insurance	2.1	Real Estate	0.79
men		Real Estate	9.6		
of which % suffered by	65%	Tourism	8.3		
,	0,00	Healthcare	75	Healthcare	0.16
	210/			Other	0.06
	31%	Other	0		
workplace					
of which % in transit	69%				
of which % suffered by women of which % in the workplace	65% 31% 69%		-	Tourism Healthcare	0.4 <u>9</u> 0.16

*the figure does not include the company Car Server, acquired by UnipolSai during the second half of 2019

Source: Governance, Legal Affairs and Human Resources Co-General Manager at UnipolSai

As a consequence of the accidents recorded in 2019, there were over 4,500 working days lost, equal to 2% of overall days of absence.

Absence from work for reasons other than holidays, with regard to all the Italian insurance companies within the Group, totalled, at 31 December 2019, around 9.2% of working days (specifically, 6.5% for men and 11.6% for women), stable compared with 2018.

To support occupational health and safety, aside from workplace inspections, health monitoring and activities linked to properly following reference laws (around 5,300 visits conducted), voluntary health monitoring activities continued and a work-related stress assessment was conducted in accordance with the INAIL 2017 Guidelines.

For the voluntary prevention initiatives, 2,500 visits were conducted for the entire Group including abroad. These included the administration of various seasonal flu vaccines and the administration of drugs, as well as cardiovascular prevention activities (over 5,200 visits).

For the insurance sector companies operating in Italy, basic security training paths have been in place for some time and have been completed by 9,317 employees and 152 executives. In addition, there are also active continuous education courses that involve employees in line with the deadlines laid out by regulations.

For companies operating in Serbia, safety training concentrated on first aid and fire prevention, with the involvement of a total of 1,373 participants. In the diversified companies, 642 workers and 29 executives³² were trained on various topics of worker health and safety.

Training was provided in the insurance companies operating in Italy for emergency officers, specifically for First Aid Officers, instructed on the use of defibrillators, and Fire Safety Officers, as well as for the figures envisaged in the regulations (such as Prevention and Protection Service Managers, Workers' Safety Representatives and Emergency Operational Managers).

No dispute specifically regards "health and safety", understood as disputes concerning violations of regulations on safety in the workplace and/or demands for compensation for damages to health attributable to the Company due to its failure to meet its safety obligations pursuant to Legislative Decree 81/2008.

³⁰ Frequency rate = (number of events solely in the workplace/number of hours worked by all employees) x 1,000,000. The exclusion of accidents while travelling is due to the fact that no accident while travelling occurred when the transport was organised by a Group company
³¹ Rate of working days lost (or seriousness index) = (number of days lost/total number of working hours) x 1,000. For ease of reading, this indicator has been calculated using a multiplication factor

³¹ Rate of working days lost (or seriousness index) = (number of days lost/total number of working hours) x 1,000. For ease of reading, this indicator has been calculated using a multiplication factor of 1,000 (working hours). Working days lost do not include accidents requiring first aid. The calculation considers both accidents while travelling and those occurring within the workplace. Source: UNI standard 7249

³² For the UNA Group, the definition of executive training in terms of safety also includes the Vice Presidents of the hotel structures.

The welfare system

For some time now, the Group has implemented a welfare system with the goal of improving the well-being of its employees. The cornerstone of this strategy is the **first-level welfare** resulting from negotiations with the trade unions, composed of tools such as employee pension funds, healthcare assistance funds extended to families, preventive healthcare, accident cover (including non-professional), flexible schedules and additional leave for medical treatment, education and volunteer activities which over the years have been added or expanded, including new elements in the Supplemental Corporate Agreement ("CIA").

16 Pension Funds and **16 Welfare Funds** are active within the Group, to cover workers in the insurance, agricultural, commercial, tourism and services sectors.

As regards the pension system, more than 10,200 employees and managers are enrolled in the **Pension Funds**. Overall, almost \notin 20m in contributions were made by UnipolSai Group companies. The regulation of the Pension Funds stipulates that it is possible to maintain membership and consequently make voluntary payments into it even when staff are no longer employed by UnipolSai Group Companies.

The UnipolSai Group's **Welfare Funds** have more than 10,400 enrolees, including executives: in specific cases in point regulated by the contracts, collective contracts and company regulations, enrolees can continue to benefit from assistance coverage for the time the sources establish even if no longer employees of the Group Companies.

Pension Fund	Senior Executives	Employees
Percentage of members	98.3%	83.06%
Total contributions (€m)	4.3	52.3
Impact of company contributions	58%	33%
Welfare Fund	Senior Executives	Employees
Welfare Fund Percentage of members		Employees 84.7%
	Executives	. ,

Percentage of members and contributions paid into the Pension Funds and Welfare Funds

Source: Governance, Legal Affairs and Human Resources Co-General Manager at UnipolSai

Alongside these initiatives the Company has also provided a structured **second-level company welfare system** for some time now to improve time management and work-life balance:

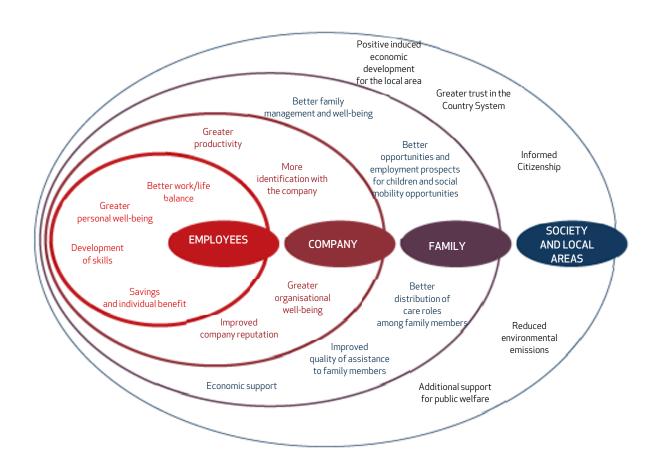
The Group's investment is focused on the planning and promotion of services able to respond to the most important needs of the various phases and living conditions of colleagues, improving the quality of life and enabling synergy between work activities and family responsibilities. The Group's initiatives aimed at colleagues and their families, collected under the logo "noiUnipol", are structured into 3 areas: "per Te", which includes services aimed at supporting the reconciliation of the multiple roles that people play in their daily lives and to provide new impetus; "per i tuoi Figli", which includes initiatives for children aged 0 to 25, accessible through an integrated platform; "per la tua Famiglia", which includes initiatives in support of carer colleagues who look after dependent family members.

2019 saw the launch of an **assessment of the social impact of welfare** aimed at understanding the changes generated in the conditions of people and the environment in which they work and live, which are attributable to initiatives carried out such as "noiUnipol". The monitoring area of the first impact report focused on five initiatives, using different types of both qualitative and quantitative indicators, aimed at analysing inputs, activities, outputs and outcomes over the medium and long term.

Considering the innovative nature of this analysis and the importance of dialogue with respected external subjects when implementing processes to assess its initiatives, the Group involved a Committee for the scientific supervision of the project, coordinated by the LUMSA University of Rome and composed of experts on impact assessment, which validated the methodological aspects of the analysis and the results obtained.

The study enabled identification of the effects produced by the initiatives in various areas and in relation to a range of beneficiaries, by showing how the Group's commitment in this field may be considered a "generative" welfare system that produces widespread added value.

Main social impacts of the welfare initiatives



For the analysis, various methods were used, including surveys, comparison with other experience acquired, scientific publications and analysis of data from public sources and literature. The following sets forth some findings from the five areas of analysis:

- The analysis of "Maam" (*Maternity as a Master*), the online course for new or future parents which teaches soft, transversal and parental skills and the professional role, has shed light on strengthening the ability to unite one's identity as both a parent and an employee. Among the participants in the various editions of the Master's course, there was a rise in identification with the company (on a scale of 1-7, the overall assessment rose from 3.8 to 4.7) and an improvement in the cross-cutting skills for 83% of participants (with average growth of 11% and peaks of 35%).
- As regards the career guidance programmes aimed at providing informed and reasoned support for what career paths to choose ("Push to Open Junior" for children in high schools and "Push to Open" for students about to graduate), the analysis showed that 1 in 3 children gained confidence in themselves; in 23% of cases, the course changed their initial idea with regard to the school or faculty to enrol in, while only 3% of the children who participated in the programme during previous years gave up their studies, a figure considerably lower than the national average. According to 50% of parents, the time saved in looking for information, both for themselves and their children, increased by 10 days, and 50% also felt that their level of anxiety and concern fell with regard to making the right choice.

- For the Intercultura study grants that enable employees' sons and daughters to follow a summer or yearly programme abroad, the analysis model showed impacts on the well-being and skills of participants, above all their capacity to be independent and manage their daily lives and any unexpected events.
- Analysis of the Fragibilità programme, to support carers with a dedicated contact centre and an integrated network of
 services on a national scale showed an improvement in the well-being dimension and in identifying with the company, which
 rose after the use of services in question from 3.2 to 4.3 (on a scale from 1 to 7). In terms of impact on the family, there is a
 better distribution of roles and an improvement in the quality of family assistance, as well as time saved in searching for
 information on assistance for dependent family members.
- For the Time-Saving Services (e.g. the delivery of medicines, laundry or shoes to the company, the delivery of organic fruit and vegetables), offered in the Group's major sites, there have been savings of both money (over €100,000) and time (over 2,500 hours saved) for employees, as well as a better work/life balance. The environmental impact was quantified as 23,000 km saved, resulting in a reduction in CO₂ emissions.

Involvement and corporate environment

The survey conducted with employees regarding the **Group's reputation**, as part of the overall process of monitoring reputation among stakeholders implemented by UnipolSai since 2016, showed 74.8% of employees (72.2% in 2018) as "Supporters"³³ and 35% of employees as "Ambassadors" (32.5% in 2018), i.e. those Supporters who ensure UnipolSai has an excellent reputation³⁴. The reputational index recorded among the staff was 81.4 (on a scale of 1 to 100), a rise of 3 points compared with 2018, with an increase recorded in all age brackets.

The communication and engagement activities implemented at internal communication level contributed to these positive results, which confirm a constant trend over the last three years. Futur@, the Group intranet, reached 4,700 users on average per day (4,400 in 2018 and 2,900 at the start of the previous Business Plan in 2016).

Particular focus was reserved for supporting the dissemination of the content of the new Strategic Plan, through the production of a video, on the **presentation of the Plan to the analysts**, seen by over 6,000 colleagues, the report on the intranet concerning the local meetings, through **four video reports** divided into chapters, and the publication of the **full recording**, divided into chapters, the preparation of a **dedicated section** on the intranet. All employees were involved in a **survey** on the contents of the Strategic Plan, with 67% responding. Thanks to this initiative, the level of Strategic Alignment of employees, measured within the reputation survey, achieved a score of 67.3 in 2019 (+0.7 points on 2018, growth of 4.8 points compared with the start of 2016). Overall, employees were involved in 13 surveys during 2019, with over 9,800 responses.

In order to simplify and increase the efficiency of the operating model, the "Group Digital Workplace" initiative was launched within the framework of the "People and Technology" strategic guideline in the 2019-21 Business Plan. Futur@, the Group intranet, will be considered a single point of access for all company systems; in this context, the Digital Workplace will become an environment able to generate professional value creation dynamics as well as optimisation of day-to-day work.

The initiative, launched in April 2019 with a pilot project that involved the Claims Department (around 2,000 colleagues) and which will be gradually extended to other Departments, covers three macro-areas in particular – communication, knowledge and cooperation – through a listening phase (first- and second-line interviews), an understanding phase (surveys and workshops) and a phase involving the planning of scenarios based on the real needs of the colleagues involved.

The value created by UnipolSai for the local area through events carried out directly or through CUBO is shared with employees: over 4,000 participated during 2019.

The Group entered the classification established by Forbes, *World's Best Employers* 2019, which identifies the 500 companies from around the world which are the best places to work from among the 2,000 largest listed companies in the world, by involving their employees. The Unipol Group is one of the ten Italian companies in the ranking and occupies position 398.

Sustainable mobility

The Company Sustainable Mobility Monitoring System (SGMS) is active within the UnipolSai Group, with the goal of contributing to significantly reducing the levels of urban traffic congestion and atmospheric pollution, thus generating benefits at environmental, social and economic level.

Mobility Management activities are structured into a series of policies and procedures that define an integrated strategy aimed at managing staff commutes, through information on various transport offers, the reorganisation and continuous improvement of

³³ the percentage indicates the portion of respondents who expressed the greatest propensity for behaviour in support of Unipol Gruppo.

³⁴ employees who gave Unipol a reputational assessment higher than 80 points and also expressed a strategy alignment higher than 80 points.

existing transport services and the programming of new solutions, based on people's specific commuting needs and their willingness to change.

This activity is coordinated by the Mobility Manager, who proposes and governs sustainable mobility programmes and interventions, including through the development and implementation of Work/Home Commuting Plans ("PSCL") for staff in the various offices (between 2016 and 2018, PSCL were drawn up for 10 different cities that include around 40 offices).

Some of the most significant measures adopted in 2019 include economic incentives for purchasing public transport season tickets, which 2,130 employees took advantage of during the year (2,055 in 2018), equal to over 24% of the reference workforce. Using data collected through the PSCL, it was possible to calculate the reduction in pollution achieved through the use of Local Public Transport in work/home commutes, equal to 3,346,329 tonnes of CO_2 not emitted.

The company fleet of electric bicycles was also improved; at the end of 2019, this was composed of 86 bikes with over 5,000 uses during the year. The planned cycling schemes envisage interventions at all our venues to increase employees' likelihood of using the bike, especially those who live between 3 and 10 kilometres away from their workplace (25% of the employees included in the PSCL analysis, which represent 70% of the total, have a work/home commute of under 5 km).

A process is currently underway to optimise company shuttles, with the goal of reducing costs and making the service more efficient in terms of greater availability and punctuality.

In order to promote sustainable mobility, the carpooling, car sharing and infomobility services published on the UnipolEcomobility website continued and were bolstered by training programmes aimed at employees and agents, on safe driving, eco-driving and road safety, in order to reduce the number of accidents.

Industrial relations

All employees are covered by the sector collective agreements, while 65% of employees in Italy are union members with reference to the Companies to which the national insurance sector and services sector agreements apply.

The UnipolSai Group pays particular attention to trade-union relations, aware of the fact that discussion – while respecting and distinguishing between the respective roles – represents the most suitable method for dealing with issues affecting personnel in the various phases of company trends. This comparison model is structured into three levels of discussion:

- "political": with the presence of the coordinators of the five trade-union organisations, for discussing topics which require a political/strategic approach;
- "negotiation": with the participation of the coordinators of the five trade-union organisations and a limited number of tradeunion representatives, for discussion of topics which require negotiation between the Parties;
- "informative": with the involvement of a broader range of trade-union delegates, to illustrate the corporate organisational changes and subsequent in-depth exploration.

This approach enabled more effective management of issues such as organisational flexibility and solutions to implement the "People and Technology" guideline, as provided for in the 2019-2021 Business Plan.

During 2019, as part of the implementation of the Plan, a trade-union agreement was signed, covering three points:

- early retirement with voluntary adherence by colleagues who satisfy the pension requirements by 2023, with over 800 preregistrations recorded;
- development of staff through training programmes for professional mobility;
- introduction of 300 new professional profiles on open-ended contracts, to contribute to developing the company's competitive capacity.

In addition, negotiations began for the renewal of the Supplemental Corporate Agreement (Contratto Integrativo Aziendale, "CIA") in the insurance segment; these will continue during 2020.

Overall, considering all the Group companies, 125 meetings were held during the year, and 18 trade-union agreements signed. 189,857 hours of trade-union leave were used, 62 trade-union meetings held to deal mainly with issues connected with the approval of the trade-union platform for renewing the CIA for the insurance segment and there were 116 hours of strikes, as adherence to mobilisation initiatives for national problems not specifically concerned with the company, nor regarding the insurance sector.

At the same time, there was no significant recourse to judicial disputes with employees, either in the workforce or who have left their position: in 2019, 124 cases were managed on questions of employment, 88 of which were pending at 31 December 2019. The costs incurred by the Companies as the losing parties in cases with the force of res judicata totalled €254,037.

UNIPOLSAI AND SOCIETY

Suppliers

4,700 UnipolSai Group trading partners € 1,070 m paid to suppliers 98% expenditure for supplies in Italy 40% proportion of costs covered by contracts including the Supplier Code of Conduct

Pursuing a Purchasing Policy aimed at fostering the creation of value enables UnipolSai to contribute to economic and social development geared towards protecting the environment and respecting human rights.

The quality of relations with suppliers is founded on UnipolSai's commitment to responsible procurement through a transparent and impartial selection process that ensures neutrality, fairness in accessing offers and responsibility by integrating social and environmental criteria into supplier selection and management.

At 31 December 2019, the Group traded with roughly 4,800 companies, for total expense of \notin 1,070m, of which 98% disbursed in Italy (excluding the foreign suppliers of the subsidiary Ddor Novi Sad).

The Group purchases goods and services from large international groups, SMEs and innovative start-ups and social enterprises (cooperatives, associations, foundations and other organisations offering socially useful goods or services).

As regards these spending profiles, the supply chain is not particularly complex, with no raw materials purchased or physical goods delivered to customers.

Distribution according to category shows a significant impact of spending, in terms of numbers as well as expenditure, on suppliers linked to Real Estate Asset Management and service providers, with a particular predominance of miscellaneous services, which include such heterogeneous services as training, telephone and Internet services, delivery and archiving. Although not as significant in terms of numbers, in terms of value transferred, the considerable weight of the Information Technology category represents 16% of the amount paid. The significant share of expenditure for information systems is linked to the central role played by information technologies in running Group operations.

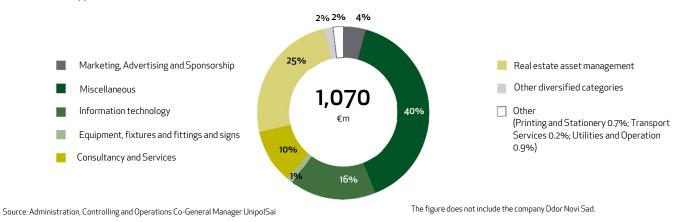
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*The graph does not include either the company CarServer, acquired by UnipolSai in the second half of 2019, or the company Ddor Novi Sad whose total expense came to €13.5m

Source: Administration, Controlling and Operations Co-General Manager UnipolSai

Amount paid to suppliers by region

Breakdown of suppliers



Supply chain management

Relations with suppliers are governed by the Code of Ethics, Charter of Values, OMM, Code of Conduct and internal policies characterised by ethics, integrity and transparency.

Through the **Supplier Portal**, suppliers are regularly listed, selected and monitored, by assessing not only their economic/financial and technical/organisational characteristics, but also the information guaranteeing regulatory/legal compliance.

During the **qualification** phase, suppliers must have viewed the following documents (published in the supplier portal): Organisation, Management and Control Model (pursuant to Italian Legislative Decree 231/2001, as updated in September 2018); Purchasing process and rules of conduct which Group suppliers are required to follow; Code of Ethics and Charter of Values.

in this way, suppliers undertake to comply with the anti-corruption measures adopted, occupational safety regulations, current laws and National Labour Agreements, to tackle all forms of discrimination and to guarantee to the Group that they have enacted the necessary protections which govern the assignment of activities to external individuals/businesses.

During the approval phase, suppliers are also asked to provide, in addition to the information ensuring legal/regulatory conformity, financial solvency and qualitative performance, information relating to their compliance with the **legality rating** and commitment to sustainability, in order to grasp the extent to which they take account of and adhere to **social and environmental aspects**.

These data seek to evaluate the sustainability policies adopted by suppliers and concerning the possession of environmental certification, the measurement of pollutant emissions, the application of company policies against discrimination and in favour of the inclusion of diversity, worker health and safety management and the work/life balance. All of these aspects contribute to giving a rating score that approves the supplier as a whole.

If the result of this assessment is positive, suppliers are listed on the Group's Supplier Register and may be invited to procurement events.

At the end of 2019, excluding the foreign suppliers of the subsidiary Ddor Novi Sad, 38% of overall costs were paid to suppliers enrolled in the Register in 2019, i.e. qualified companies, representing the partners with which the UnipolSai Group has an ongoing and significant relationship, both in terms of level of value of expenditure as well as strategic importance of the products/services purchased.

The Outsourcing and Supplier Selection Policy ("Outsourcing Policy") included, among the supplier selection criteria, the signature of the Supplier Code of Conduct (CdCF), adopted at the end of 2018 and inspired by the principles of the Global Compact and ISO20400 standard on Responsible Procurement.

The ESG risks identified according to UN Global Compact principles (Labour, Human Rights, Anti-corruption and Environment) were mapped for each product category, assessing the existing exposure and level of control. The risk and control mapping, regularly updated, led to the identification of product sub-categories35 that are high-risk for the Group in ESG terms.

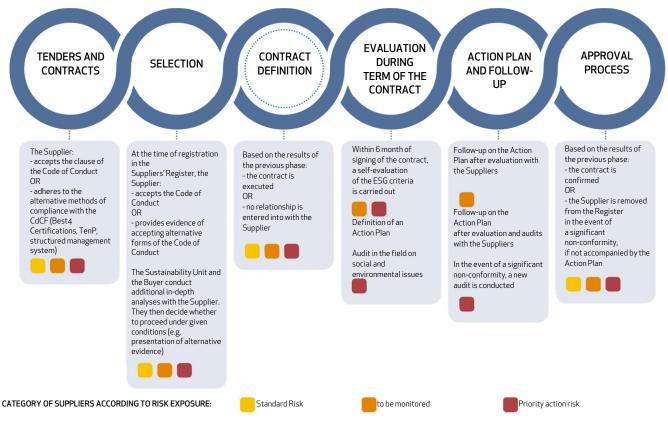
The Code sets forth what UnipolSai expects from its suppliers in terms of protection of human and workers' rights, protecting the environment and combating corruption. Moreover, it establishes, inter alia, the right for Unipol to check and inspect the supplier's processes and structures in order to verify their compliance, as well as to impose penalty mechanisms in the event that their non-compliance with the CdCF should persist.

³⁵ Suppliers identified as having a high-level reputational risk for Unipol Gruppo, due to their preferential relations associated with the brand or the type of product/service they offer.

Suppliers, except for the Public Administrations and independent freelancers (whether or not they are members of professional bodies), are asked to sign the CdCF when signing or renewing their contract. At the end of 2019, contracts which include the Supplier Code of Conduct cover 40% of total expenses for purchases.

The chart below illustrates the role covered by the ESG risk management system with respect to the supply chain in the context of the sustainability strategy implemented by Unipol.

Reporting procedure and ESG risk management system in the supply chain



Source: Sustainability UnipolSai

In the Diversified Companies operating in the sectors of Tourism, Agriculture, Health and Sportscraft, procurement procedures are compliant with the analogous procedures of the UnipolSai Group founded on the selection and assessment of suppliers through the Group's Supplier Portal.

In 2019, the Group continued with the process undertaken with a view to reducing its indirect ecological footprint, including through the adoption of purchasing practices aimed at promoting the efficient use of natural resources.

With regard to paper, in addition to benefiting from the activation of the smart printing management function (-20% in printing volumes), the Group continued to replace pure cellulose white paper with recycled paper in all companies and the sales network. This approach, considering the volumes of recycled paper purchased in 2019 (786,500 reams), led to a reduction in consumption of water (-83%), energy (-72%), wood (-100%) and CO_2 (-53%) compared with the purchase of the same quantity of white paper³⁶.

For purchases of ICT equipment, specific environmental assessment criteria are considered to guarantee reduced levels of consumption of energy and resources and it is requested that the equipment be supplied with the relevant specific certifications. During 2019, 55,200 parts were purchased (toner and imaging units), 16% of which are regenerated products.

In additional, there were goods that could be found in the multi-catalogue: overall, in 2019, 25% of green products were ordered from the multi-catalogue, giving a total of 14,000 products of this type purchased.

The UNA Group prefers relations with catering and laundry suppliers committed to reducing environmental impact and improving their overall ecological footprint. Also within the UNA Group, food-service partners are certified in accordance with the ISO 14001

³⁶ Source: Ifeu Heidelberg GmbH 2010

(Environmental Management System) standard and adopt measures to reduce their carbon footprint: heavy use of short-range supply chain products and fruits and vegetables from social farming; the adoption of procedures for the optimisation of logistics processes with dedicated software and means of transport with a low environmental impact; the use of packaging solutions meant to reduce weight and volume. The laundry providers selected adopt industrial processes that use 35% less energy than traditional systems and allow for a global reduction in process water of around 40% compared to traditional washing systems. In addition to this, there is the use of natural soap detergents and the adoption of transport solutions with a reduced use of plastic materials. During 2019, the use of only recycled paper was launched for carrying out all the operating activities, in the Milan office and in the hotels.

In line with the partnership approach described above, UnipolSai took concrete steps in cooperation with its suppliers to reduce indirect impacts, i.e., those which derive from activities connected and functional to the core business but which are out of the company's control. Through instruments for the resale of assets (MV and other) recovered from insured events, UnipolSai is continuing with its asset reuse process to reduce costs and improve profit margins.

Some of the advantages for the Company include a net limitation of claim costs, as the indirect costs of settlement to the insured decline, and a decrease in timing for settlement and collaboration with the adjuster in accounting for property. One of the key benefits for the policyholder is the possibility of benefiting from reduced business interruption times, as recovering assets quickly frees up warehouses, avoiding reputational damage and reducing business down time. If they cannot be sold, the assets are donated to charity organisations. In 2019, the resale value of goods recovered from insured events was €1.1m. This is one way in which UnipolSai seeks to favour the full use of resources by extending their useful life, with a view to promoting the circular economy and reducing waste.

The Community

€ 9.4 m Total amount of contributions of sponsorships and donations

€ 1.1 m Investment for the renovation of the Roman Baths in Petriolo

1.1% Contributions to the community as a percentage of pre-tax profit

UnipolSai stands out due to its deep roots in and focus on the community, and its continuous and significant support of the areas in which it operates, including on the basis of the Code of Ethics, which draws attention to the needs and requirements of the community. This support is governed by the "Corporate Sponsorship Program" which identifies five areas: artistic and cultural heritage, the environment, scientific research and social benefits, sports and entertainment.

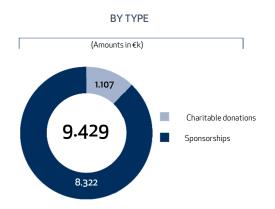
The adoption of the Corporate Sponsorship Program enabled the definition of an internal policy on donations and sponsorships, made actions more effective, overseen by processes and procedures aimed at preventing any possible personal or corporate conflict of interest, and facilitated the monitoring of the process for approving projects to be supported.

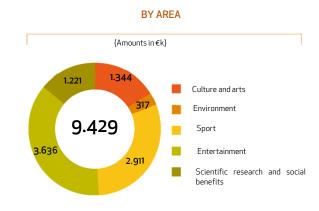


For more detailed information, see the dedicated page on the website <u>www.unipol.it/sponsorshipprogram/Pagine/default.aspx</u>.

In 2019, the financial resources invested in the Community by the UnipolSai Group totalled $\leq 9.4m$ ($\leq 9.1m$ in 2018), including sponsorships and donations. The overall figure is 1.1% of the pre-tax profit of $\leq 873m$ (+0.3 p.p. compared with 2018, in line with 2017), corresponding to an average contribution per employee of around ≤ 768 .

Contributions to the community according to area and type*





* Excludes the contribution to the Unipolis Foundation. A report on the activities of Unipolis Foundation is published in the Mission Report, available on the website <u>www.fondazioneunipolis.org</u>.

Source: Administration, Controlling and Operations Co-General Manager UnipolSai

During 2019, the partnership between UnipolSai and C.O.N.I. (the Italian National Olympic Committee), which intends to establish UnipolSai's position as a business close to people, the country and the Italy System, represented here by its top-level sport movement.

The Group's desire to support sport also includes a series of initiatives such as the historic support to Briantea 84, a basketball team composed of disabled players, and the sponsorship of the FIN (Italian Swimming Federation), which also involves a major insurance part: in fact, UnipolSai guarantees the insurance cover of the Federation, its Central and Peripheral Bodies, the Companies and their members for the three-year period envisaged under the agreement.

Other initiatives supported included:

- in the **cultural field**, the promotion of the Festivaletteratura literature festival in Mantua and the International Festival in Ferrara, as well as support for a number of other events and cultural bodies, especially theatres in various Italian cities;
- in the environmental sphere, the continuation of the "Bellezza Italia Tuteliamo insieme le meraviglie del Paese" project, the campaign born from the collaboration between the Unipol Group and Legambiente to promote and carry out actions for the recovery and revitalisation of neglected areas of Italy;
- amongst the **scientific research and social benefit projects**, the support to the Fondazione Banco Alimentare and the promotion of the national Wing4Students competition, the unique Italian *edutainment* event dedicated to young people for learning English in a fun and innovative manner;
- in the realm of **entertainment**, the year 2019 saw a continuation of the collaboration with Fondazione Musica Insieme, with the goal of promoting an original artistic formula and creating high-quality cultural events accessible to the wider public. The Group also continued to support the Bologna Jazz Festival, Biografilm Festival and Cineteca di Bologna.

Within the more comprehensive strategy of sustainability and relationships with the community, one of the most important tools for implementing social responsibility initiatives is the Unipol Group's business foundation. In 2019, the contribution to the **Unipolis Foundation** totalled €750k to be used according to the areas of work defined by its Board of Directors, provided they are in line with the strategic guidelines regarding Group sustainability.

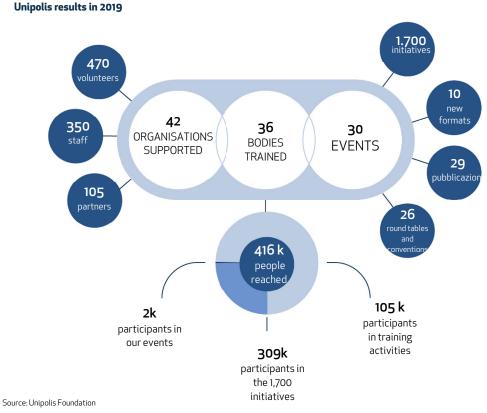
The Foundation operates through projects and interventions, both its own and those organised in partnership with other parties active in the community), and by pursuing research and awareness-raising activities and supporting, through financial disbursements, parties that contribute to generating social well-being across the country.

The Foundation is an open and welcoming association that empowers other bodies. In 2019, it adopted a Three-Year Plan for the first time, setting itself the goal of becoming an established space for innovation and experimentation, able to operate on a national level in a horizontal and cooperative fashion, with a particular focus on the Third Sector.

The Unipolis areas of intervention identified for the Three-Year Period are Well-Being, Culture, Employment and Mobility, in line with the Group's core business. Within these areas, the Foundation structures its cultural, social and civic growth targets, with a particular commitment to knowledge and training. The meeting between the different generations, the constant commitment to raise awareness and spreading a culture of legality and support for sustainable development and social cohesion processes represent cross-cutting and significant issues for the Foundation's activities. In 2019, the economic resources were allocated to the areas of intervention as follows: **Well-Being 37%**, **Culture 23%**, **Work 18%**, **Mobility 18%**, **Charitable Donations 4%**.

Through the process of assessing its results, launched the previous year and aimed at improving the management and return of the interventions, as well as promoting the design of the strategy and future targets, the first Impact Report was published during 2019.

Since the start of the year, an **Open Report** has been implemented. This is a portal integrated into the institutional website to highlight and progressively share the social, economic and environmental value created through the activities carried out and projects promoted.



For an overall description of all the activities and projects of the Unipolis Foundation, refer to the Foundation's Mission Report, available at this link <u>http://www.fondazioneunipolis.org/</u>

A particularly important role is played here by **CUBO**, the Group's corporate museum, located in the Porta Europa office in Bologna and with an active presence at the Milan office.

CUBO promotes the Group's values through cultural initiatives, such as exhibitions, events and laboratories on current issues, innovation, the arts and memory for a broad audience that ranges from teenagers to adults, with particular attention paid to schools.

The museum boasts a multimedia space where visitors can access the digitised material in the historical archive, and a space with driving simulators for safe driving courses.

With the cooperation of leading associations and cultural bodies, CUBO participates in public meetings and promotes initiatives aimed at employees and their families, including within the Group's main offices in Italy.

Some of the activities proposed to the CUBO public include:

- Exhibitions: temporary art exhibitions, including the "das" (dialoghi artistici sperimentali- experimental artistic dialogue) winter collection, meetings with artists and workshops for all ages; exhibitions using the Group's artistic and historical assets, created in 2019 in both Bologna and Milan in the registered office of the Unipol Group in Corso di Porta Romana;
- Education: laboratories for children and adults; summer camps for kids where the focus is on the topic of media management, innovation and creativity; educational modules for schools and adults on the topics of well-being and culture; interactive experiments dedicated to education and road safety for children and adults in partnership with schools, driving schools and the police; work/study programmes for teenagers on projects connected with art, shows, laboratories and the historical archive;
- Events: meetings for adults, shows on public holidays and evenings at the "Giardini al CUBO" (gardens at CUBO) summer festival, conferences and symposiums with internal and external partners.

During the course of 2019, CUBO conducted over 400 initiatives involving over 30,000 people, of whom 3,200 were minors. The activities were mainly carried out in Bologna, but there were also initiatives in Milan and other places outside Bologna. In total, for the CUBO areas of intervention, the amounts disbursed in 2019 totalled \in 700k.

Among the most significant projects carried out directly by the Parent Company, there was the continuation of the insurance literacy course entitled "Eos, Conoscere l'Assicurazione" (EOS. Learning About Insurance), aimed at over a thousand children from upper secondary schools: around 50 classes in the regions of northern and central Italy who followed 6 training modules of the "I Casi della Vita" (Life Events) educational project. The activities were developed using the personal risk experiences of the students, to analyse the dynamics of the decision-making process, develop solutions and prevention and introduce concepts regarding corporate risk and risk prevention and management at company level. The project concludes with the development of veritable business projects, to analyse risks and the counter-moves to be deployed through a "disaster recovery plan". In line with the legislation which made work-study programmes compulsory, students are able to approach the world of work through laboratories with guided simulations on how to manage business risk.

This initiative was supported on an experimental basis by the involvement of customers through the use of digital interaction tools on insurance issues: using an *edutainment* approach through brief questionnaires available through one's *smartphone*, users can access training snippets on insurance services and cover included in the insurance policy. At 31 December 2019, around 3,000 surveys had been sent, with some 2,500 completed.

In 2019, the "Welfare, Italia" project, launched by the Group in 2010, developed into a Think Tank, to make a concrete contribution to the definition of a vision of welfare that supports the social and environmental development of the country, inclusivity and sustainability. The "Welfare, Italia" Think Tank also has the goal of becoming a permanent forum for discussion, sharing ideas and collecting and exploiting public, private and non-profit best practices.

In addition to non-refundable grants, Unipol operates according to a rationale of creating shared value and partnerships with local actors in a number of interventions in support of properties. The most significant was that created with ItaliaNostra for the renovation of **Bagni di Petriolo** thermal springs, with the first of the three phases envisaged for this project now concluded, for an overall investment of $\leq 1.7m$, of which $\leq 1.1m$ in 2019.

Activities are also carried out in the diversified companies with a social and environmental focus, in line with the various sectors of operations. The UNA Group, for example, to mark the 2019 World No Tobacco Day, promoted by the World Health Organization, carried out activities to raise the awareness of the harmful effects of the use of tobacco and the exposure to passive smoking, having completed the process to make all the structures under its direct management smoke-free. UNA has also signed up to the "Tempi di Recupero Week", an international week dedicated to the promotion of sustainability and ethics in the kitchen, which was held in November 2019. Chefs from three prestigious hotels from the UNA Esperienze collection, located in northern, central and southern Italy, defined a special "*menù del recupero*" (recovery menu) to show their support for raising awareness of food waste alongside many of their peers all over the world.

The monitoring of environmental impacts



02 emissions – Scope 2

-4.4% overall reduction in CO2 t CO2eq emissions on a like-for-like basis

compared with 2018

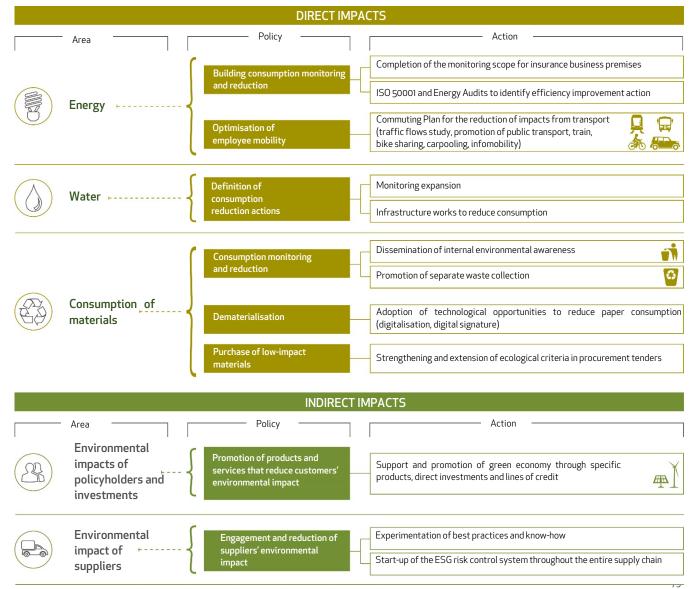
Enviromental impacts

UnipolSai adopts and implements the Group's specific policies and commitments to reduce its direct and indirect impacts on the environment, also thanks to the involvement of employees, partners and suppliers, incentivised and supported by the principles, guidelines and controls laid down in the Code of Ethics and Sustainability Policy.

All activities related to new buildings or major renovations of existing properties (both those used for business and those for use by third parties) are characterised by the use of technologies designed to maximise energy savings, including through the use of renewable energy, while for existing buildings, the objective is to constantly monitor energy efficiency through the maintenance and renovation of installations.

At the end of 2019, all the property assets of UnipolSai were certified in accordance with the ISO50001 standard certification process and the internal figures of Energy Manager and Mobility Manager represent a further oversight for achieving the Group's objectives.

Management of environmental impacts



Since 2015, the signature of contracts for the supply of electricity in Italy requires 100% of supplies to come from renewable sources. Once again in 2019, the UNA Group obtained certification as a 100% green company in terms of energy consumption, thanks to purchasing exclusively energy from renewable facilities (hydroelectric, wind and solar), thus significantly reducing its CO2 emissions.

As regards the management of **indirect impacts**, the Group is committed in the:

- selection of investments, through the SRI Investment Policy which provides for the a priori exclusion from new investments of Companies connected with mining/the generation of electricity from thermal coal;
- support and promotion of sustainable companies, through investment decisions which take ESG criteria into consideration;
- underwriting policies for the Non-Life and Life Businesses that exclude from the underwriting activities companies that derive the majority or a significant part of their earnings from coal mining activities;
- improvement of the management and prevention of environmental risks with the adoption of best practices by policyholders. As already indicated in the "UnipolSai and Protection - Our Protection role" section, this is achieved through the offer of products which support the mitigation processes and innovative solutions aimed at both the prevention of climate changerelated risks and post-event management, by promoting the adoption of risk reduction behaviour at both individual and company level, in order to increase the resilience of the production system;
- capacity building of other parties (such as the public administration and companies), and long-term investments aimed at increasing the resilience of citizens, production activities and communities;
- promotion of research and communications aimed at companies, such as the DeRisk-CO Disclosure, Measurement, Management and Mitigation of Climate Change Risk for Companies project organised by the Eni Enrico Mattei Foundation and intended for institutions, as in the case of the publication "Cronaca di un'emergenza annunciata" produced by the Legambiente's Città Clima observatory;
- involving suppliers and reducing their environmental impact: during 2019, the Group applied its own model for reducing environmental, social and governance (ESG) risks along the chain, identified on the basis of the principles of the Global Compact (for more information, refer to the "UnipolSai in Society Suppliers" section).

Consumption and emissions

For the measurement of climate-changing emissions, the calculation methodology adopted is that laid out in Directive EU/85 of 2003 on the emission trading scheme, in addition to the international classification laid out by the *GHG Protocol* standard – and evoked in the GRI Standards (*Global Reporting Initiative*) – in Scope 1, Scope 2 and Scope 3³⁷. This approach fosters greater transparency and comparability of environmental data, including in comparison with other Companies.

Performance is monitored by applying the *location-based* criterion for indirect emissions (Scope 2): on a like-for-like basis compared with 2018, 2019 saw an overall reduction in CO_2 emissions of 4.4%, a total of 48,648 t CO_2 equivalent (3.96 t CO_2 per employee).

The reporting of indirect emissions (Scope3) includes those generated by the travel and transfers of employees (totalling 4,240 tonnes of CO_2 eq, a drop of 1.9% compared with 2018) and those generated by commutes of customers with telematic devices (totalling 7,478,795 tonnes of CO_2 eq).

³⁷ 'The source of the conversion, emission and global warming potential (GWP) factors is the guideline on the application in banks of the GRI Standards in environmental matters (Version of December 2018), drafted by the ABI (Italian Banking Association). With reference specifically to emissions from purchases of energy (Scope 2) of Companies operating in Serbia, the emission factor corresponding to the Serb energy mix was used. The emission factors applied are derived from the dedicated "Tool from purchased electricity" (Version 4.8, World Resources Institute (WRI), 2017), made available by GHG Protocol. Lastly, with reference to the Scope 1 emissions derived from the consumption of the corporate fleet, the DEFRA (UK Department for Environment, Food & Rural Affairs) 2018 coefficients were used.

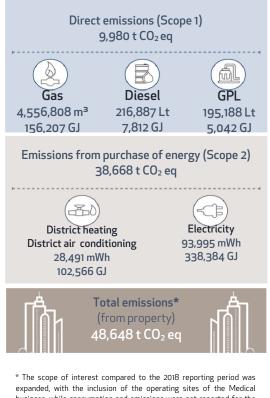
The process of certification and surveillance according to the ISO 50001 standard by the independent body which periodically evaluates the management and operating procedures concerned the commitment to cut electricity and thermal consumption every year. The data relating to the scope of the ISO Certification, which includes the headquarters, properties for third party use and properties for settlement activities ("CLG" or Group Settlement Centres), show a total annual reduction in consumption of 4.0% for 2019.

Consumption was also impacted by actions to improve the efficiency of IT structures, one of the main sources of energy consumption after the heating and cooling systems. The server virtualisation process, which has now been completed, has made it possible to reduce the consumption of electricity to power and cool IT equipment by roughly 26,435 MWh/Year, corresponding to around 8,526 tonnes of CO_2 avoided.

As regards additional environmental impacts, the use of the water resource is primarily linked to hygienic uses; in limited cases it is also used for technological purposes in air conditioning systems. For hygienic uses, the water comes from the mains system or other water service management companies.

The total consumption in 2019 amounted to roughly 1.2 million m³: water consumption^{**} was determined based on actual use for the diversified companies (around 600k m³ can be attributed to the hotels) and for the large operating site buildings, including the foreign offices of the Serbian company DDOR Novi Sad, with the use of an estimation process for the other insurance offices.

 ** the representation of the water withdrawal from areas under water stress was not considered material for the purposes of this document.



expanded, with the inclusion of the operating sites of the Medical business, while consumption and emissions were not reported for the Banking business offices, as the sale of Unipol Banca to BPER Banca was completed on 31 July 2019, or for the operating sites of the company CarServer, acquired by UnipolSai in the second half of 2019. Therefore, for 2019, the consumption of electricity, gas and other energy sources for all other buildings over which Unipol has direct control is accurately determined, from the operating sites, to the diversified companies, such as Tenute del Cerro and Marina di Loano, and also the properties in which the UNA Group carries out its activities and the offices in Serbia.

UnipolSai, through document dematerialisation and internal recycling policies, is committed to reducing its consumption of paper: all paper purchased satisfies the requirements of ECOLABEL Environmental Certification, ISO 9001:2008 Quality Certification, FSC (Forest Stewardship Council) and ECF (Elemental Chlorine Free) certification. In addition, April 2019 saw the introduction, for all Group Companies, including the sales network, of the "recycled paper" project, which led to the gradual replacement of pure cellulose white paper with recycled paper purchased from the only European firm in the sector with "Cradle to Cradle®" certification in terms of sustainability.

For waste management, the Group follows the directives of the various municipalities for the collection and disposal of waste and consequently adjusts processes and procedures to enable, where possible, waste recovery or regeneration; during 2019, recovery of waste paper continued from all Group offices by companies specialised in recycling and/or municipal utilities. In 2020, the intention is to optimise services with the use of computer platforms for the organisation of waste collection.

With regard to the collection of toner, the procedure in place for the Group offices has been extended to all agencies. Hazardous waste (neon tubes, batteries, etc.) is disposed of separately in the appropriate manner, in accordance with the regulations in force, through specialised firms and in line with the rules on compulsory record keeping.



For detailed information on UnipolSai's environmental policies, please refer to the "Sustainability" section of the Unipol Group's website, and in particular the TFCD Report

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