

**2019**

**Directors' Reports and proposals on the items  
of the agenda of the Shareholders' Meeting**

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## AGENDA

### ORDINARY SHAREHOLDERS' MEETING

1. Financial Statements as at 31 December 2018; Board of Directors' Report; Board of Statutory Auditors' and Independent Auditors' Report. Related and consequent resolutions.
2. Appointment of the Board of Directors for financial years 2019, 2020 and 2021, following the determination of the number of members and setting of the remuneration thereof. Related and consequent resolutions.
3. Granting of the statutory audit assignment for the financial years 2021-2029. Related and consequent resolutions.
4. **Remuneration policies pursuant to IVASS Regulation no. 38/2018 and Remuneration Report pursuant to Art. 123-ter of the Consolidated Law on Finance. Related and consequent resolutions.**
5. Remuneration plan based on financial instruments, pursuant to Art. 114-bis of the Consolidated Law on Finance. Related and consequent resolutions.
6. Acquisition and disposal of treasury shares and shares of the parent company. Related and consequent resolutions.

### EXTRAORDINARY SHAREHOLDERS' MEETING

1. Amendment of Articles 8, 13, 17 and 24 of the By-Laws, also for the purpose of compliance with IVASS Regulation no. 38/2018. Related and consequent resolutions.

**REPORT OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS' MEETING ON ITEM NO. 4  
ON THE AGENDA OF THE ORDINARY PART**

**Remuneration policies pursuant to IVASS Regulation no. 38/2018 and  
Remuneration Report pursuant to Art. 123-ter of the Consolidated Law on  
Finance. Related and consequent resolutions.**

Dear Shareholders,

IVASS Regulation no. 38 of 3 July 2018 (the "IVASS Regulation") - which replaced, for remuneration matters, ISVAP Regulation no. 39 of 9 June 2011 – states (Article 41) in substantial continuity with the previous regulatory framework, that company bylaws *"shall prescribe that the ordinary shareholders' meeting [...] shall approve remuneration policies in favour of corporate bodies and of relevant personnel, as identified by the company [...] including remuneration plans based on financial instruments"*.

In this regard, it should be recalled that the competence of the shareholders' meeting on this matter is already prescribed by Article 8 of the current bylaws of UnipolSai Assicurazioni S.p.A. ("UnipolSai" or the "Company"). For this purpose, among the proposed bylaws amendments per the sole agenda item of the extraordinary session of the present Shareholders' Meeting (as illustrated below), is also included the alignment of the text of this clause of the bylaws to the new regulatory provisions.

In particular, the IVASS Regulation requires insurance companies to adopt remuneration policies that are consistent with sound and prudent risk management and in line with the long-term strategic objectives, the profitability and the balance of the company.

In this regard, the Board of Directors of UnipolSai approved, for matters under its competence, the remuneration policies of the insurance sector of the Unipol Group (the "Group"), prepared pursuant to the IVASS Regulation and in accordance with the principles and guidelines of the Group's remuneration policies, which are defined by the administrative body of Unipol Group S.p.A. ("Unipol" or the "Parent Company"), as the ultimate Italian parent company, in compliance with the provisions introduced by Article 93 of the IVASS Regulation, in order to assure the overall consistency of the remuneration policies and practices within the Group itself. In this regard, it is specified that the Group remuneration policies shall be subjected to the review and approval of the ordinary Shareholders' Meeting of the Parent Company, called on 18 April 2019.

At the same time, Article 123-ter of Italian Legislative Decree no. 58 of 24 February 1998 (the "Consolidated Law on Finance") prescribes that companies with listed shares shall publish, at least twenty-one days before the date set for the Ordinary Shareholders' Meeting called for approval of the financial statements, a report on the remuneration policies adopted in favour of the members of the administration and control bodies, the General Managers and Key Managers.

This regulatory framework is also supplemented by the remuneration standards and criteria recommended by the Code of Conduct for listed companies, with which the Company complies.

For this purpose, the Board of Directors of UnipolSai approved the Remuneration Report of the Company, prepared in accordance with Article 59 of the IVASS Regulation, and with Article 123-ter of the Consolidated Law on Finance (the "Report"), which consists of the following two sections:

- the First Section illustrates the remuneration policies applicable to the Company - with particular reference to the members of the administration and control bodies, to the General Manager, to Key Managers and to additional relevant personnel - for the year 2019, as well as the procedures used for their adoption and implementation;
- the Second Section provides an adequate representation of each of the items that comprise remuneration paid in 2018 and illustrates, individually by name for the members of the administration and control bodies and the General Manager and in aggregate form for the Key Managers of UnipolSai, the compensation paid by the Company in the year 2018 for any reason and in any form. Lastly, information is provided about the shareholdings held at 31 December 2018, by the aforementioned persons, in the listed companies and in their subsidiaries.

The Chief Risk Officer and Compliance Functions examined, in accordance with the IVASS Regulation, the remuneration policies in question for the year 2019; the former function confirmed the consistency of their objectives, principles and articulation with the risk appetite of the Company, while the latter confirmed their compliance with the internal and external reference regulatory framework.

The Audit Function instead verified that the remuneration policies of the year 2018 matched the related implementation procedures.

The Board of Directors therefore hereby submits the following resolution proposal to the Ordinary Shareholders' Meeting.

### **Proposal**

*"Shareholders' Meeting of UnipolSai Assicurazioni S.p.A. (the "Company"),*

- *in view of Articles 40 and 41 of IVASS Regulation no. 38 of 3 July 2018 (the "IVASS Regulation") and of Article 8 of the Bylaws;*
- *in view of Articles 123-ter of Italian Legislative Decree no. 58 of 24 February 1998 (the "Consolidated Law on Finance") and 84-quater of CONSOB Regulation no. 11971 of 14 May 1999 as amended;*
- *having acknowledged the Report of the Board of Directors and the related annexes,*

- *having further acknowledged that the remuneration policies applicable to the Company for the current year (the “Remuneration Policies of UnipolSai”) are prepared in accordance with the principles and the guidelines of the remuneration policies of the Unipol Group, which shall be subjected to the approval of the Ordinary Shareholders' Meeting of the parent company Unipol Gruppo S.p.A. called on 18 April 2019,*

*hereby resolves*

*to approve the first section of the Remuneration Report, drawn up pursuant to Articles 40, 41 and 59 of IVASS Regulation and to Art. 123-ter of the Consolidated Law on Finance, which illustrates the remuneration policy of UnipolSai.”*

Bologna, 14 March 2019

The Board of Directors

Annex: Remuneration Report of UnipolSai Assicurazioni S.p.A., prepared pursuant to IVASS Regulation No. 38 of 3 July 2018 and Article 123-ter of Legislative Decree no. 58 of 24 February 1998

*Disclaimer to the English Translation*

*This remuneration report (the "Remuneration Report") contains an unofficial and courtesy English language translation (the "Translation") of the Remuneration Report of UnipolSai Assicurazioni S.p.A. pursuant to Article 123-ter of Consolidated Law on Finance and of Article 59 of the IVASS Regulation n. 38 of 3 July 2018, published on the website of UnipolSai Assicurazioni S.p.A. ([www.unipolsai.com](http://www.unipolsai.com)) under the Governance/Shareholders' Meetings/2019/Ordinary and Extraordinary Shareholders' Meeting 17 April 2019 Section.*

*In the event of any ambiguity about the meaning of certain translated terms or of any discrepancy between the Remuneration Report in Italian and the Translation, the Italian version of the Remuneration Report shall prevail.*

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# **Remuneration Report of UnipolSai Assicurazioni S.p.A.**

***pursuant to Article 123-ter of Consolidated Law on Finance  
and of Article 59 of the IVASS Regulation n. 38 of 3 July 2018***

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## GLOSSARY

In addition to any further definitions contained in other parts of this document, for the purposes thereof, the capitalised terms and expressions stated below shall have the meaning attributed to them below, in all contexts in which they are used and regardless of whether used in singular or plural form:

<b>Supplementary Company Agreements</b>	second-level agreements with company trade union representatives on economic and/or legal issues.
<b>Accrual Year</b>	each calendar year in which the Three-Year Accrual Period is divided and in relation to which the achievement of the <i>performance</i> used to calculate the Variable Incentive is verified.
<b>Shareholders' meeting</b>	the Ordinary Shareholders' Meeting of UnipolSai Assicurazioni S.p.A.
<b>Shares</b>	all Unipol and UnipolSai Shares, assigned to the Beneficiaries, according to the terms and conditions established by the UPM System for the provision of short-term incentives (STI) and long-term incentives (LTI).
<b>Unipol Shares</b>	the ordinary shares representing the share capital of Unipol Group S.p.A.
<b>UnipolSai Shares</b>	the ordinary shares representing the share capital of UnipolSai Assicurazioni S.p.A.
<b>STI Bonus or STI</b>	Short-Term Incentive: the amount of the short-term variable compensation relating to the performance performances of a given Accrual Year, subject to the achievement of the objectives relating to the Accrual Year, which is paid after the end of the Accrual Year.
<b>LTI Bonus or LTI</b>	Long-Term Incentive: the amount of the long-term variable compensation relating to the performance performances in the Three-Year Accrual Period, subject to the achievement of the objectives relating to the Three-Year Accrual Period, which is paid after the end of the Three-Year Accrual Period.
<b>Actual Bonus</b>	the amount actually accruing of the Variable Incentive connected to the UPM System. Depending on the context in which it is mentioned, it is equal to the sum of the STI Bonus and the LTI Bonus or to only one of the two.
<b>Potential Bonus</b>	the maximum amount of the Variable Incentive linked to the Incentive System. Depending on the context in which it is mentioned, it is equal to the sum of the maximum amount of the STI Bonus and maximum amount of the LTI Bonus or only one of the two.
<b>Claw-back</b>	clause that provides for the repayment - fully or in part - of the STI Bonus and/or LTI Bonus paid to the Beneficiary, if certain conditions are met.
<b>Code of Conduct, Code</b>	Code of Conduct of listed companies adopted by the Committee for the Corporate Governance of listed companies, updated to 2018.
<b>Fixed Component</b>	the part of remuneration that is stable and irrevocable, calculated and paid based on pre-specified criteria and independently from the Unipol Group and/or UnipolSai and/or individual <i>performance</i> . It may include RAL, indemnities paid for various reasons, monetisation of social security components, compensation paid for the holding of administrative offices and/or for the participation in board committees.

<b>Variable Component</b>	the part of compensation that is not stable and irrevocable, the awarding or disbursement of which may be modified according to the <i>performance</i> of Group and/or UnipolSai and/or the individual or other parameters and is calculated and paid based on the conditions specified in the Remuneration Policies of Group and/or segment.
<b>Particularly High Variable Component</b>	pursuant to the IVASS Guidelines, the variable remuneration paid to the Managing Director - Group CEO and General Manager of Unipol and to Managers in the Executive Bracket, including the General Manager, was identified as a particularly high variable remuneration amount.
<b>Recipient</b>	the party to which the provisions of the Remuneration Policies adopted by UnipolSai apply and who, unless otherwise provided, takes part in a Plan of Variable Incentive.
<b>Deferral</b>	time period between the end of the measurement of the performances on which the accrual of the Variable Incentive depends and its actual disbursement.
<b>Directive IDD</b>	Directive (EU) 2016/97 of the European Parliament and Council of 20 January 2016 on insurance distribution.
<b>Key Managers</b>	the individuals who hold power and responsibility, whether directly or indirectly, over the planning, management and oversight of UnipolSai's activities as a listed company. They are identified by the Governance, Legal Affairs and Human Resources General Managers of Unipol, with the approval of the Chairman and the Managing Director - Group CEO and General Manager of Unipol itself.
<b>Bracket</b>	classification method for Unipol Group Managers related to the relevance and complexity of their role and position.
<b>Fundamental Functions</b>	the Compliance Function, the Risk Management Function, the Audit Function and the Actuarial Function.
<b>Unipol Group</b>	Unipol and its subsidiaries.
<b>Holding Period</b>	time period during which the Shares assigned as Variable Incentive are subject to a restriction on sale.
<b>Insurance Group</b>	Unipol and the companies controlled by this that are part of the Unipol Insurance Group, entered under no. 46 in the Register of Parent Companies held by IVASS.
<b>Unipol Group or Group</b>	Unipol and its subsidiaries.
<b>Variable Incentive</b>	generically indicates a financial return accrued in proportion to Group, corporate and individual <i>performance</i> performances.
<b>Individual Performance Level</b>	for each Accrual Year, an amount between 0% and 100%, which expresses the level of achievement of individual targets. The Individual Performance Level helps to determine the amount of the Variable Incentive.
<b>Malus</b>	clause that provides for the possibility of reducing or cancelling the Variable Incentive already accrued but still to be paid, if the conditions specified in the Remuneration Policies are met.
<b>IVASS Guidelines</b>	the document issued by IVASS on 5 July 2018 entitled "IVASS Guidelines on the application of the proportionality principle in the corporate governance system for insurance and reinsurance companies and groups".
<b>Pay-out</b>	the ratio, usually expressed as a percentage, of Actual Bonus to Potential Bonus.
<b>Relevant Personnel</b>	Beneficiaries whose activity may have a significant impact on the company's risk profile, identified on the basis of the criteria established by the relevant regulations, including the General Manager and the Key Managers.

<b>Variable Incentive Plan</b>	all the rules and conditions governing the possibility of benefiting from Variable Incentives.
<b>Group Business Plan</b>	the Unipol Group's business plan for the 2019-2021 three-year period.
<b>Group Remuneration Policies</b>	the <i>body</i> of documents approved by the respective corporate bodies setting and governing the guidelines for the remuneration of the Corporate Bodies, employees, collaborators and those in charge of the distribution networks for the Unipol Group.
<b>GAR</b>	the fixed Gross Annual Remuneration, excluding Severance pay, any provision or payment of any nature and/or for social security purposes borne by the employer, and any variable component, whether this is paid as <i>a one-off amount</i> or on an ongoing basis, repeated or deferred, excluding any bonus, travel indemnity and monetisation of social security components. It constitutes the main reference for the calculation of the Variable Incentive: for this purpose, its amount at 31 December of the Accrual Year is considered.
<b>Issuers' Regulation</b>	CONSOB Regulation n. 11971 of 14 May 1999 and subsequent amendments and integrations.
<b>IVASS Regulation</b>	Regulation no. 38 of 3 July 2018 issued by the Institute for Insurance Supervision (IVASS), with particular reference to Part Two, Chapter VII ("Remuneration and Incentive Policies") and Part Three, Chapter VII ("Group Remuneration Policies").
<b>Remuneration Report (or the "Report")</b>	document drafted pursuant to Article 123-ter of the Consolidated Law on Finance for listed companies, approved by the pertinent corporate bodies and submitted to the Shareholders' Meeting, which describes the 2019 Remuneration Policies in Section I and the application of 2018 remuneration policies in Section II.
<b>Variable Remuneration</b>	this generically indicates the compensation paid in a non-recurring manner upon the satisfaction of the conditions set forth in this document.
<b>UPM System</b>	the name of the variable incentive system adopted for the Managerial Staff of all the Companies of the Group.
<b>Solvency II</b>	the Solvency II metrics referred to by the <i>provisions</i> of Directive 2009/138/EC on access to and performance of insurance and reinsurance activities (known as <i>Solvency II Directive</i> ).
<b>Severance pay</b>	Severance pay
<b>Three-Year Accrual Period</b>	the period of observation and measurement of the performances for determining the LTI Bonus. The period is the same as the three-year Group Business Plan (2019-2020-2021).
<b>Unipol (or the "Parent Company")</b>	Unipol Group S.p.A.
<b>UnipolSai</b>	UnipolSai Assicurazioni S.p.A.
<b>Consolidated Gross Profits</b>	Gross Profits related to the entire to the consolidated financial statements of the Parent Company Unipol.
<b>Welcome Bonus</b>	<i>one-off</i> monetary compensation, not linked to the achievement of <i>performance targets</i> , agreed at the time of entry in the company and only during the first year of employment. It cannot be awarded more than once to the same person.

## INTRODUCTION

This document, approved by the Board of Directors of UnipolSai (“Company”) on 14 March 2019, represents the Remuneration Report, prepared pursuant to Article 123-ter of Legislative Decree 24 February 1998 n. 58 of the Consolidated Law on Finance and in line with Models 7-bis and 7-ter in Annex 3A of the Issuer Regulation (“Issuer Regulation”) and Article 59 of IVASS Regulation No. 38. Its purpose is to submit to the Shareholders’ Meeting called to approve the financial statements for the year ended 31 December 2018 the policies adopted for 2019, in line with Group Remuneration Policies, by UnipolSai on the remuneration of the members of the administration and control bodies (“Corporate Bodies”), the General Manager, the Key Managers, other Relevant Personnel and other Managers of the company (“Remuneration Policies” or “Policies”).

The Remuneration Policies of UnipolSai comply with the recommendations on remuneration provided in the Code of Conduct, in its latest version (2018), which UnipolSai abides to.

This Report has two sections:

- **First Section: 2019 Remuneration Policy**  
The first Section describes the Remuneration Policies adopted by UnipolSai for 2019 and the procedures used for their adoption and implementation, with particular reference to the members of the Corporate Bodies, the General Manager and the Key Managers, as well as other Relevant Personnel and other Managers.
- **Second Section: Implementation of 2018 Remuneration Policy**  
The second Section describes the result of the application of the remuneration policies in place in 2018. Notably, it provides an appropriate representation of each item included in the remuneration. The compensation paid in 2018 at any title and in any form by UnipolSai is described for each of the components of the Corporate Bodies and General Manager and, in aggregate form, for the Key Managers of UnipolSai. This Section also carries the performances of the assessments carried out by the internal Control Functions on the Remuneration Policies.

The Report also provides information on the investments held, by the aforementioned persons, in UnipolSai and its subsidiaries.

The Shareholders’ Meeting approves the Remuneration Policies. The result of the vote is made available to the public, pursuant to Article 125-quater, Par. 2, of the Consolidated Law on Finance.

As envisaged by CONSOB Regulation no. 17221 of 12 March 2010 regarding related party transactions, as later amended and assimilated in the “Procedure for Transactions with Related Parties” (“Procedure”), adopted by UnipolSai and available on its website ([www.unipolsai.com](http://www.unipolsai.com)), in the Governance/Related Party Transactions Section, the approval of the Remuneration Policies by the Shareholders’ Meeting exonerates UnipolSai from the application of the Procedure in the resolutions of the Board of Directors regarding the remuneration of Directors and Key Managers, in accordance with the further conditions set forth in Article 13, Par. 3(b) of the cited Regulation.

This Report is made available to the public at the registered office of UnipolSai, in Bologna, Via Stalingrado, 45, as well as on UnipolSai’s website at [www.unipolsai.com](http://www.unipolsai.com), in the Governance/Shareholders’ Meetings/2019/Ordinary and Extraordinary Shareholders’ Meeting 17 April 2019 Section, in accordance with the regulatory provisions in force.

Pursuant to Article 123-ter, Par. 5, of the Consolidated Law on Finance, the documentation related to the compensation plans based on financial instruments, prepared pursuant to Article 114-bis of the Consolidated Law on Finance, are available on the UnipolSai’s website [www.unipolsai.com](http://www.unipolsai.com), in the Section Governance/Shareholders’ Meetings/2019/Ordinary and Extraordinary Shareholders’ Meeting – 17 April 2019.

# **FIRST SECTION**

## **2019 REMUNERATION POLICY**

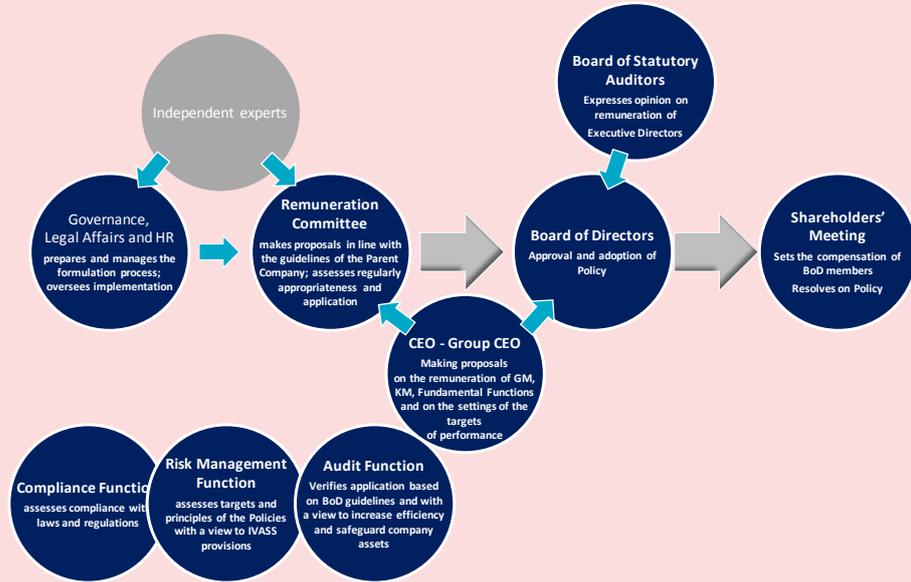
# EXECUTIVE SUMMARY:

## UnipolSai approach to Remuneration Policies

 <p><b>Values and mission</b></p>	<p><b>Our Core Values</b></p> <ul style="list-style-type: none"> <li>• Accessibility</li> <li>• Farsightedness</li> <li>• Respect</li> <li>• Solidarity</li> <li>• Responsibility</li> </ul>	<p>Our Core Values are expressed in our Charter of Values and outlined in the Code of Ethics as standards of conduct towards the different stakeholders. These principles, conducts and objectives, characteristic of the corporate culture, are articulated also in the Remuneration Policies of the Group and of UnipolSai, which are defined by considering both quantitative and qualitative aspects.</p> <p>The Group implements a management that is efficient, profitable and sustainable over time, based on the contribution and professional development of its employees. This statement not only provides important guidance for the general formulation of the Remuneration Policies, which emphasize a long-term sustainable approach, but also highlight its aim to be an important tool for professional development.</p>	 <p>Guidelines page 15</p>
 <p><b>Objectives and principles</b></p>	<p>To guarantee that the remuneration is fair, appropriate to the individual roles, responsibilities, professional competences and abilities, in compliance with the provisions of laws, regulations and by-laws, as well as any Code of Ethics and consistent with the <i>need for sustainable performance</i>.</p>	<p>The focus on the interests of all Stakeholders of the Unipol Group, particularly Shareholders and Investors, Employees, Agents and Professionals, Future Generations, who enjoy the benefits of a remuneration policy that seeks to attract, reward and empower the best professional competences in a fair, adequate and ongoing manner:</p> <ul style="list-style-type: none"> <li>• a sound and prudent risk management and control system;</li> <li>• internal fairness;</li> <li>• meritocracy;</li> <li>• benchmarking with the reference markets.</li> </ul>	 <p>Objectives, principles page 15</p>
 <p><b>Compliance with laws and regulations</b></p>	<p>The Remuneration Policies are drafted in compliance with the relevant provisions specified by the Italian and EU laws for the sector, the regulatory provisions concerning issuers and the Code of Conduct for listed companies.</p>	<p>In particular:</p> <ul style="list-style-type: none"> <li>• Code of Conduct, with particular reference to the Application Criterion 6.C.1</li> <li>• IVASS Regulation no. 38 of 03 July 2018</li> </ul>	 <p>page 14</p>
 <p><b>Link between performances and remuneration</b></p>	<p>The incentive systems are based on variable components of the remuneration linked to the achievement of short and medium-long term targets specified <i>ex-ante</i>, of which a part is significantly deferred, and maintain a strict balancing between monetary and share-based component, both short and long-term. The reference model on which the architecture of the remuneration systems is designed is based on the correlation between the following elements:</p> <ul style="list-style-type: none"> <li>• the performance of the Unipol Group;</li> <li>• the performance of UnipolSai;</li> <li>• the performance of the operating area of which the Beneficiary is in charge;</li> <li>• the individual <i>performances</i>.</li> </ul>	<p>It is ensured through:</p> <ul style="list-style-type: none"> <li>• the appropriate balancing between the fixed and the variable component of the remuneration and the linking of the latter to predefined and measurable performance criteria;</li> <li>• the appropriate balancing between the variable remuneration paid in monetary form and that paid in the form of financial instruments;</li> <li>• a correct balance between short and long-term efficiency criteria, through the deferred payment of the variable component;</li> <li>• inclusion of <i>malus</i> and <i>claw-back</i> clauses, which provide for the partial or total repayment of the variable component, if certain conditions are met, and of clauses aimed at preventing tax evasion by Relevant Personnel;</li> <li>• ex-ante setting of limits for the variable component;</li> <li>• the deferral of a significant part of the variable remuneration;</li> <li>• the specification, with reference to the parts paid in financial instruments, of a period of non-availability;</li> <li>• the different impact on the risk profiles of the individual company of the Group and of the Group itself, according to the office held and responsibilities assigned.</li> </ul>	 <p>Purposes of the different remuneration components page 16</p>

**Governance process**

- The main parties involved are:
- The Board of Directors
  - The Ordinary Shareholders' Meeting of the Parent Company
  - The Remuneration Committee
  - the Managing Director-Group CEO and General Manager of Unipol, in conjunction with the Chairman:
  - The Governance, Legal Affairs and Human Resources General Manager of Unipol
  - Fundamental Functions of UnipolSai



Governance and decision-making process for the specification and approval of Remuneration Policies  
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**Elements of the compensation package of the Beneficiaries**

The elements included in the compensation package of the Beneficiaries of the Remuneration Policies, in line with Group Remuneration Policies, are summarised in the diagram.

	ELEMENTS OF REMUNERATION PACKAGE			Benefit
	FIXED COMPONENT**	VARIABLE		
Beneficiaries		STI	LTI	
Non-Executive Directors	●			●
Executive Directors	●	●	●	●
GM, KM, RP and Managers*	●	●	●	●

**Note**  
 \*GM: General Manager- KM: Key Managers - RP: Relevant Personnel  
 \*\* to be understood as Fee and/or Gross Annual Remuneration

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Remuneration Policies of the General Manager, Key Managers, other Relevant Personnel and other Managers  
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**Fixed Component**

The fixed remuneration component provides compensation for the skills, capabilities, roles and, in particular, responsibilities relating to the role. Reasons of internal fairness, competitiveness, attractiveness, meritocracy or the allocation of greater

The fixed remuneration component is set not only pursuant to the provisions of the applicable National Collective Labour Agreements, but also according to the following key parameters:

- importance of the assigned position;
- complexity of the role covered;
- significance of the responsibilities attributed;
- the qualitative weight of the skills possessed and acquired;
- alignment with sector-related market benchmarks.

Remuneration Policies of the General Manager, Key Managers, other Relevant Personnel and other Managers  
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responsibilities may result in fixed indemnities being awarded.

  
**Variable component**

The variable component is regulated by Unipol Performance Management Incentive System (UPM System), which applies to all Executive Personnel.

The variable component rewards performances achieved in the short and medium/long-term, expressed not only in the form of economic revenue, but also as attention to risks and qualitative performance. The UPM System provides for a Potential Bonus, articulated by Bracket: all Managers of the companies of the Unipol Group are divided into four Brackets, according to the weight of the organisational position and the importance and complexity of the role and position. The Potential Bonus consists of an STI Bonus, which is paid out according to the performance achieved over the year, and an LTI Bonus, which is paid out according to the performance achieved over a three-year period (2019-2021). The *bonus opportunities* are described below:

Beneficiaries	% maximum vs RAL	of which: (% maximum vs RAL)		Weight % with respect to Total Bonus	
		STI	LTI	STI	LTI
		Executive Bracket Managers (including General Manager)	125%	50%	75%
1a Bracket Managers	100%	50%	50%	50%	50%
2a Bracket Managers	70%	35%	35%	50%	50%
3a Bracket Managers	40%	20%	20%	50%	50%



Variable Incentive System  
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**Conditions for access to UPM System and KPI**

Two Group gates  
Two UnipolSai gates  
STI: 4 Individual Targets, threshold 60% as sum of individual achievement levels  
LTI: 4 Targets



- Unipol Consolidated Gross Profits as per 2019 *budget*:
  - for the General Manager, other Key Managers and other Relevant Personnel, achievement of at least 90% of the target;
  - for other Beneficiaries, achievement of at least 80% of the target.
- a Unipol consolidated coverage ratio (balance sheet strength), calculated using Solvency II metrics, equal to target set for 31 December 2019 by the pertinent decision-making bodies, is condition for the full pay-out of the Actual Bonus, while a value between 100% and 80% of the target, provided the result was not below 1.0, reduces the Actual Bonus by 25%. The Actual Bonus drops down to zero if said value is any lower;
- achievement of the target of 90% of the IAS individual Gross Profits (80% for the Managers who do not belong to the Relevant Personnel) as by *budget* approved for the Accrual Year;
- an individual solvency ratio (balance sheet strength) for UnipolSai, calculated using Solvency II metrics, equal to target set for 31/12/2019 by the pertinent decision-making bodies.

The access to the UPM System of the Managers operating at the Fundamental Functions is not linked to the achievement of the condition of Consolidated Gross Profits.

The STI Bonus is linked to the achievement of four individual targets awarded annually to the Beneficiary, which are given the following weights:

- (i) First individual quantitative target (weight: 30%).
- (ii) Second individual quantitative target (weight: 30%).
- Individual qualitative target (weight: 20%).
- Management skill development target (weight: 20%).

The minimum *performance* threshold to be reached for the *bonus* to be paid out is equal to 60%. The Individual Performance level is related to the disbursement of the STI Bonus, in percentage of its maximum value:

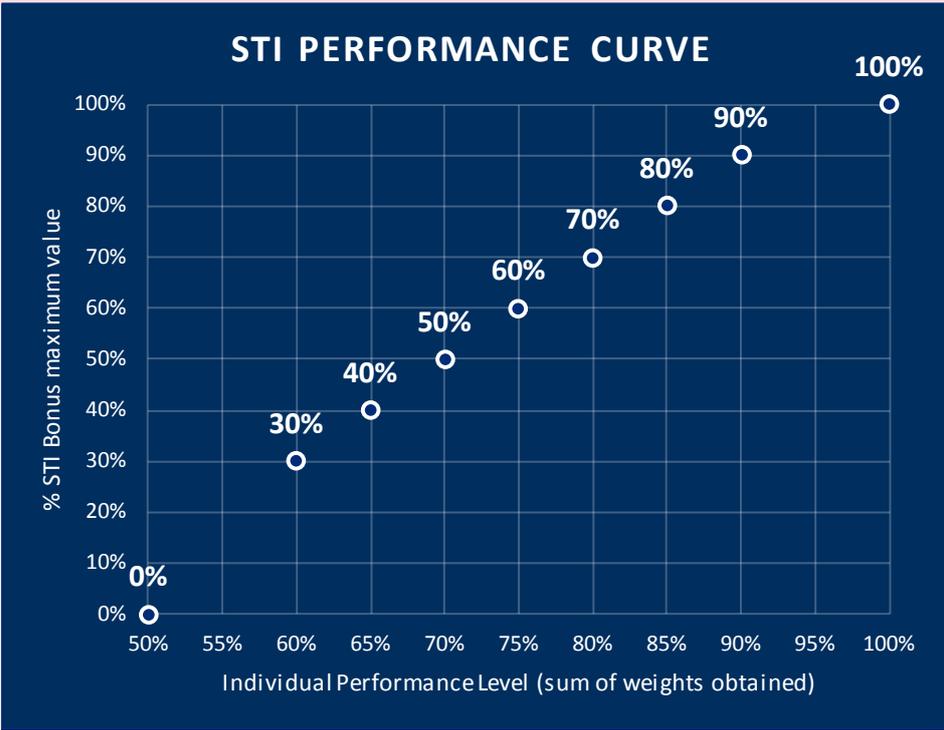
Conditions for access to the UPM System - Short-term Company Performance  
page 27

Short-term incentive (STI)  
page 28

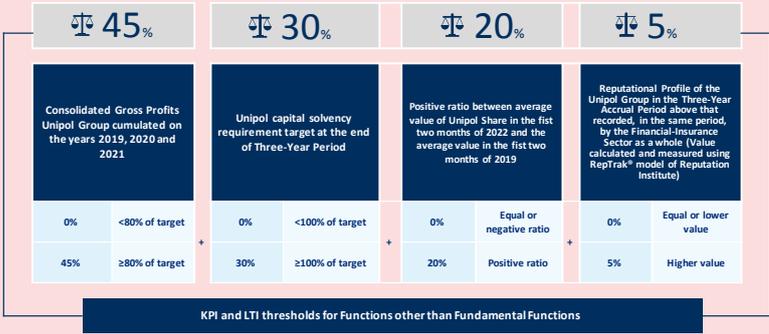
Individual Short-term targets  
page 28

Long-term Incentive (LTI)  
page 31

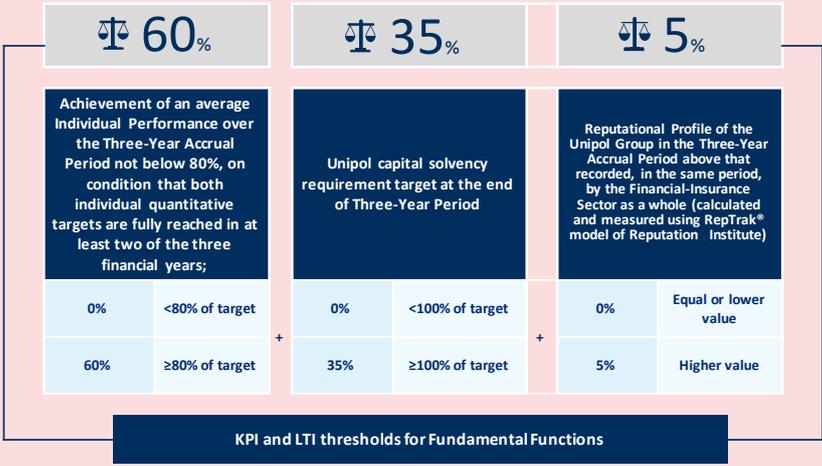
Long-term targets  
page 31



The LTI Bonus for the Beneficiaries that do not work within the Fundamental Functions is calculated according to the achievement, joint or separate, of the following indicators, which are assigned a weight:



The LTI Bonus for the Beneficiaries that work within the Fundamental Functions is calculated according to the achievement, joint or separate, of the following indicators, which are assigned a weight:





**Main changes  
made with  
respect to  
2018**



- 1** **UPM System 2019/-2021:  
CASH AND EQUITY  
BALANCING**
  - The UPM System for 2019-2021 provides for both the portions paid out as STI, and the portions paid out as LTI to be paid out 50% in cash and 50% in equity;
  - The LTI component is paid out as part of a new 2019-2021 closed plan;
  - The structure and KPIs of the UPM System remain unchanged.
- 2** **DEFINITION  
«PHA»  
(Particularly High Amount of  
variable remuneration)**
  - As per requirement, the particularly high amount of the variable component was identified, for the application of stricter criteria with regard to deferment (60% of the bonus, 5 years);
  - The component is identified in terms of percentage incidence with respect to the fixed compensation; currently this category includes the Managers in the Executive Bracket, as well as the General Manager.
- 3** **DEFERMENT  
OF  
LTI COMPONENT**
  - The LTI component will be subject to three years of deferment with respect to the end of the period of observation of the performance. The 2019-2021 plan will be therefore paid out in three pro-quota tranches, from 2023. For the PHA population, it will be subject to an additional deferment: the 2019-2021 plan will be therefore paid out in five tranches pro-quota, from January 2023.
- 4** **MANAGER  
BRACKET**
  - Based on the weight of the position, all managers of the Group are placed in one of four Brackets: a new Bracket was introduced with respect to 2018, the Executive Bracket.
- 5** **SPECIFIC  
CLAUSES FOR VARIABLE  
COMPONENT**
  - Three-year time horizon for claw-back clause was introduced;
  - A 12-months Holding Period clause on equity payments was added, on 100% of the bonus, net of the portions sold to deal with the tax effect;
  - As per requirement, Hedging clause on the variable remuneration was introduced.

\* Particularly High Amount of variable remuneration

## INTRODUCTION

Through a Remuneration Policy structured and based on clear and sustainable principles, in line with legal and regulatory provisions, UnipolSai wants to support and leverage the best skills, building remuneration packages able to appropriately remunerate the most capable and qualified resources.

The consistency with the medium- and long-term business strategies of UnipolSai and Group, the focus on quality and competitiveness of the service to customers and the constant alignment with the interest of the reference shareholders inspire the Remuneration Policies, turning them into a real tool to support the growth of the company.

This document, approved by the Board of Directors of UnipolSai, after opinion of the Remuneration Committee, at the time of the meeting held on 14 March 2019, outlines the principles, guidelines and characteristics of the UnipolSai Remuneration Policies for the year 2019. These were specified taking into account their purposes as below specified, market practices, the recommendations of the Code of Conduct, with particular reference to Article 6 and the Application Criterion 6.C.1, as well as in compliance with the provisions of Article 40 of IVASS Regulation n. 38, 3 July 2018.

During its meeting held on 14 March 2019, the Board of Directors of Unipol, pursuant to Article 93 of the aforementioned IVASS Regulation and as ultimate Italian controlling company as specified in Article 210 of the Private Insurance Code, approved, among other things, the Group Remuneration Policies, carrying the principles and guidelines of the remuneration policies applicable to the Unipol Group, which will be submitted, pursuant to the aforementioned Regulation n. 38, to the approval of the Shareholders' Meeting of the Parent Company called for 18 April 2019. The companies of the Group, including UnipolSai, set their remuneration policies in line with the Group policies and the guidelines provided by the Parent Company, by adopting specific "segment" or "company" policies, which integrate these principles and guidelines, making the necessary adjustments of a regulatory and/or operational nature usual for their sector of activity.

On 14 March 2019, the Board of Directors of UnipolSai, as company belonging to the Unipol Insurance Group, approved, within its area of competence, the Remuneration Policies specified for the insurance business of the Unipol Group

The Remuneration Policies, besides being in line, inter alia, with the laws and regulations in this area<sup>1</sup> and complying with the principles and criteria as specified in Article 6 of the Code of Conduct to which UnipolSai abides, ensure continuity and consistency with the previous years, confirming the objective of contributing to guarantee corporate performances, also in the medium-long term, in line with the expectations of the stakeholders and with an approach of prudent risk management and cost sustainability, within a competitive market in line with international standards.

The Remuneration Policies further confirm the principle according to which the incentive systems are based on variable components of the remuneration linked to the achievement of short and medium-long term targets specified ex-ante, of which a part is significantly deferred, and maintain a strict balancing of monetary and share-based components, both short and long-term. In fact, UnipolSai is convinced that this aspect is also able to encourage, as an indirect but no less important result, the dissemination of a professional culture directed towards creating sustainable value over time and direct participation in the performances, therefore creating joint responsibility for and real involvement in business objectives.

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<sup>1</sup> In particular, the following legal and regulatory provisions should be mentioned: (i) Article 114-bis and Article 123-ter of Legislative Decree 24 February 1998 n. 58, with the corresponding implementing provisions, regulating, respectively, the compensation plans based on financial instruments and the remuneration report; (ii) Article 84-bis and Article 84-quater of Resolution n. 11971, 14 May 1999, which has adopted the regulation concerning the issuers in implementation of Legislative Decree n. 58, 24 February 1998, and subsequent amendments, with the corresponding reference annexes, regulating, respectively, the information on the awarding of financial instruments and the remuneration report.

It should also be mentioned Article 7 of IVASS Regulation 44/2019, by virtue of which UnipolSai has adopted instruments to promote and disseminate an internal control culture to monitor the risk of money-laundering and to avoid corporate policies and remuneration practices that conflict with the purposes of preventing this risk.

Lastly, the remuneration principles as specified in the Directive IDD should be mentioned.

## 1. Guidelines

The Remuneration Policies of UnipolSai are inspired to some key elements, common to all Companies of the Group:

- the Mission of the Unipol Group, illustrated in the Charter of Values, which states, inter alia: “The Group pursues business management that is efficient, profitable and sustainable over time, based on the contribution and empowerment of our people.” This statement provides important guidance regarding not only the general formulation of Remuneration Policies, which seek to pursue a long-term sustainable approach, but also highlights its vocation to be an important tool for professional development;
- the Values of the Unipol Group, which include Far-sightedness, Respect and Responsibility, give the Remuneration Policies a perspective that is also based on qualitative and not only quantitative aspects;
- the focus on the interests of all Stakeholders of the Unipol Group, particularly Shareholders and Investors, Employees, Agents and Professionals, Future Generations, who enjoy the benefits of a remuneration policy that seeks to attract, reward and empower the best professional competences in a fair, adequate and ongoing manner;
- the business strategies of the Unipol Group, based on Sustainability, and as such encouraged in the Group’s Business Plan, which guides Remuneration Policies from a time horizon and operational perspective, projecting the effects and the benefits towards sustainable milestones;
- the Unipol Group’s Corporate Governance system which, by virtue of a corporate and organisational model that pursues prompt and constant compliance with rules and regulations, respect of the correct distribution of powers between governance bodies and corporate structures, and the observance, the adequacy and the control of the risk management system, facilitates not only the full legal compliance of the Remuneration Policies, but also guarantees the development of an adequate internal training process and its coherence with wider management policies.

## 2. Objectives, principles and comparison with the previous year

The primary objective of the Remuneration Policies is to guarantee fair remuneration, adequate to the role, responsibilities, degree of professionalism and individual skillset, in compliance with legal and regulatory provisions and consistent with sustainable performances requirements.

The remunerations do not jeopardise the ability of the company to maintain capital levels appropriate and the agreement of remuneration with the service providers do not encourage excessive risk-taking, taking into account the risk management strategy of the company.

Personnel is informed of the consequences of violations of laws and regulations or Codes of Ethics through appropriate internal communication channels.

To this end, the following principles are the essential parameters for the determination of remuneration:

- a sound and prudent risk management policy, in line with the Group’s long-term strategic objectives, profitability and balance, avoiding remuneration policies based exclusively or prevalently on short-term results that could be an incentive to excessive risk exposure;
- internal fairness, so that remuneration is consistent with the position held and the connected responsibilities, with the role assigned, experience, skillset, capacities demonstrated and actual performance;
- meritocracy, so that the performances achieved and the conduct engaged in to achieve them are rewarded;
- dialogue with reference markets, in order to create competitive pay packages, learning of the trends, guidance and best practices so as to sustain health competition fairly and effectively.
- the level of risk monitoring, differentiated both in regard to UnipolSai and on the basis of the business line in question, for the purpose of basing Remuneration Policies on sound and prudent risk management.

As mentioned in the introduction, UnipolSai, as company that belongs to the Unipol Insurance Group, adopts its Remuneration Policies in line with the Group Remuneration Policies and with the remuneration guidelines provided by Unipol itself.

With respect to the Remuneration Policies adopted in the previous year, in the specification of the current policies, UnipolSai has taken into account the new legal and regulatory provisions introduced by the IVASS Regulation, based on which the compensation plan based on financial instruments and, more in general, the entire set-up of the Group Remuneration Policies were also revised.

The Remuneration Policies and the afore-mentioned Plan, at the beginning of the 2019-2021 three-year period covered by the new Group Business Plan, are in line with the remuneration policies adopted by the Unipol Group in recent years, also adopting the aforementioned regulatory updates, which have essentially confirmed the principles already set forth in the regulations previously in force, but provided for certain rules of greater and/or more specific scope.

The main changes are as follows:

- the achievement threshold for the gross profit target resulting from the consolidated financial statements of the Parent Company has been raised and is now set, for the short-term component, at 90% for Relevant Personnel and at 80% for the other Remuneration Policy Beneficiaries and, for the long-term component, at 80% for all personnel;
- correspondingly, the achievement threshold for the IAS separate gross profit target for UnipolSai has been raised and is now set at 90% for Relevant Personnel and at 80% for the other personnel;
- an average reputational performance target for the Unipol Group in the Three-Year Accrual Period has been introduced, contributing proportionally to the pay-out of the long-term incentive;
- short-term variable incentives are also now paid partly in monetary form and partly in the form of financial instruments (Unipol and UnipolSai Shares);
- a ban has been introduced on the sale of financial instruments assigned by virtue of variable incentives for a period of one year;
- the deferral preceding the payment of any long-term incentive accrued has been set at three years, starting from the end of the period of measurement of short-term performances;
- It is no longer possible to receive an Additional Bonus, previously allowed if the long-term targets were significantly exceeded.

## 2.1. Purposes of the different remuneration components

- The fixed remuneration component provides compensation for the skills, capabilities, role and, in particular, the responsibilities relating to the role. It provides for a fixed base remuneration, specified by the applicable collective labour agreements, as well as by the Supplementary Company Agreements, by other any bilateral agreement and by specific internal regulations, and differs according to the category and seniority. Reasons of internal fairness, competitiveness, attractiveness, meritocracy or the allocation of greater responsibilities may result in the awarding of fixed economic supplements, consolidating them over time.
- The variable remuneration component is based on two main objectives:
  - rewarding performances achieved in the short and medium/long-term, expressed not only in the form of economic revenue, but also in the form of attention to risks and qualitative performance;
  - developing professional skills while enacting an effective retention policy.

The incentive systems provide for variable remuneration components linked to the achievement of pre-specified short and medium-long term performances, of which a part is significantly deferred, and maintain a strict balancing of monetary and share-based component, both short and long-term.

The following principles, therefore, represent specific Remuneration Policy parameters for the Beneficiaries, if variable components are included, identified for the purposes of encouraging the

General Manager, the Key Managers, other Relevant Personnel and the other Managers to pursue the long-term interest of UnipolSai:

- adequate balance between the fixed and variable components, and the linking of the latter to predefined and measurable performance criteria, to strengthen the correlation between performance and remuneration;
- the provision, with regard to the variable component of the remuneration, of an appropriate balancing of payments in monetary form and payments in the form of financial instruments;
- long-term sustainability through a correct balance between the criteria of short and long-term efficiency, on which the remuneration is conditional, through the deferred payment of the variable component; this sustainability is strengthened by the inclusion of malus and claw-back clauses, which provide for the full or partial elimination of this component if certain conditions are met or the repayment of this component if certain conditions are met;
- establishment of limits for the variable component;
- the deferral of a significant part of the variable remuneration for a period no less than the requirements of the laws and regulations that apply to UnipolSai, differentiating the length of this deferral according to the incidence of the variable remuneration;
- the inclusion of a period of non-availability of annual length with reference to the parts paid in financial instruments;
- the prohibition to use hedging strategies <sup>2</sup> or specific insurance policies against risk of a downward adjustment in the remuneration that may alter or nullify the uncertainty arising from the disbursement of deferred bonuses and payments in the form of financial instruments;
- the different impact on the risk profiles of UnipolSai, according to the office held and responsibilities assigned.

The reference model used to design the architecture of the remuneration systems is based on the correlation between the following elements:

- performance of the Unipol Group (included the performances in terms of attention to risk);
- performance of UnipolSai, where the Beneficiary provides his/her professional services;
- performance of the operating area of which the Beneficiary is in charge;
- individual performance.

## 2.2. Hedging

Pursuant to Article 275, Par. 2(g) of the EU Delegated Regulation 35/2015, Relevant Personnel and in general the Beneficiaries are not allowed to use personal hedging strategies or insurance relating to remuneration and liabilities that would undermine the risk alignment effects embedded in the respective remuneration arrangement.

## 3. Recipients of the Remuneration policy

The Remuneration Policies apply to the Corporate Bodies, the General Manager, the Key Managers, other Relevant Personnel identified according to the criteria and principles as specified in Article 2(m) of the IVASS Regulation, as well as to other Executive Personnel.

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<sup>2</sup> By way of an example and not limited to, taking out with third parties option contracts or forward contracts with underlying financial instruments object of incentive.

## 3.1. Relevant Personnel

Relevant Personnel is identified according to the criteria and principles specified in Article 2(m) of the IVASS Regulation.

The process of identification of the Relevant Personnel takes into account:

- the organisational roles placed at the top of each business area, in accordance with the map of the main risk categories to which UnipolSai is exposed;
- the organisational roles that have been assigned the greatest powers, in accordance with the system of delegation adopted by UnipolSai;
- any person for whom the weight of the organisational position places them in a higher bracket. The weight of the organisational positions is measured with a methodology certified by major companies specialised and recognised at the international level as well as according to the metrics adopted for industry remuneration surveys, and provides for the allocation of an indicator aimed at identifying consistently similar positions, gathering them into brackets;
- the managers in charge of essential or important activities.

In the light of the above, UnipolSai includes among Relevant Personnel:

- the Key Managers and the Heads of Fundamental Functions;
- the other people whose activities may have a significant impact on UnipolSai's risk profile, identified on the basis of the criteria described above.

### 3.1.1. Key Managers<sup>3</sup>

Note that the Relevant Personnel identified for IVASS purposes includes all Key Managers of UnipolSai, as identified by the Chairman and Managing Director-Group CEO and General Manager of Unipol on proposal of the Governance, Legal Affairs and Human Resources General Manager, who at the date of publication of this Report are, besides the General Manager:

- the Administration, Controlling and Operations Co-General Manager;
- the Governance, Legal Affairs and Human Resources Co-General Manager;
- the Business Development and Corporate Communication Co-General Manager;
- the Insurance Business Co-General Manager;
- the Chief Investment Officer;
- the Chief Strategic Planning and Organisation Officer;
- the Technical non-Life and Claims Director;
- the Claims Director;
- the Commercial Director;
- the Welfare and Life Director;
- the IT Services Director;
- the Head of Management Control;
- the Head of Reinsurance;
- the Chief Risk Officer;
- the Audit Manager;
- the Head of Compliance and Anti-Money Laundering;
- the Head of the Actuarial Function.

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<sup>3</sup> The Key Managers and the Relevant Personnel fall in the Executive Bracket, 1a Bracket and 2a Bracket and therefore the Remuneration Policies as *below* specified apply.

### **3.1.2. Other parties whose activities may have a significant impact on the risk profile of UnipolSai**

In addition, the Board of Directors of the company has identified, according to the above described criteria, the other parties whose activities may have a significant impact on the risk profile of UnipolSai, in particular the Heads of essential or important Functions/Activities, if they are not already designated as Key Managers.

All parties identified in Par. 3.1.1 and 3.1.2. fall in the Manager category.

The Company, in line with Group Remuneration Policies, in order to rigorously comply with the provisions of the laws and regulations in force and at the same time to guarantee equal remuneration for equal level in the organisation, applies to all "Manager" personnel the Remuneration Policies, as described below, regardless of their identification as Relevant Personnel.

## **4. Governance and decision-making process for the specification and approval of Remuneration Policies**

The Governance process adopted by the Unipol Group and UnipolSai specifies positions, powers and responsibilities in the process for the approval of the Remuneration Policies, also in compliance with the applicable legal and regulatory provisions, in line with the operating governance structure of the different companies of the Group.

### **4.1. Role of the different parties involved in the decision-making process related to the Policies**

The process for the approval of the Remuneration Policies is described below.

#### **4.1.1. Ordinary Shareholders' Meeting**

The Ordinary Shareholders' Meeting of UnipolSai sets the annual remuneration of the bodies it appoints and approves the Remuneration Policies of Corporate Bodies, the General Manager, the Key Managers and other Relevant Personnel, including the compensation plans based on financial instruments.

#### **4.1.2. The Board of Directors**

The Board of Directors of UnipolSai specifies and regularly reviews the Remuneration Policies, on proposal of the Remuneration Committee, drafted in line with the Group Remuneration Policies, for the purposes of their approval by the Ordinary Shareholders' Meeting, and is in charge of their correct application; also, based on the proposals made by the Remuneration Committee, it specifies the remuneration of the Directors that hold special positions, taking into account the guidelines provided by the Parent Company. The Board of Directors may also specify, in line with the guidelines specified by the Parent Company, an indemnity ("indennità di carica") to the General Manager, and, if appropriate, provide for this to be considered for the purposes of the calculation of the variable component of the remuneration.

### 4.1.3. The Managing Director-Group CEO and General Manager of Unipol

The Managing Director-Group CEO and General Manager of Unipol, in conjunction with Unipol Chairman:

- issues instructions to the Remuneration Committee for the formulation of the proposals to be submitted to the Board of Directors to the general remuneration policies of the Key Managers of UnipolSai and Relevant Personnel (including the Heads of the Fundamental Functions);
- formulates to the Board of Directors, pursuant to the guidelines identified in the general policies approved by the latter, proposals regarding the remuneration of the General Manager of UnipolSai, as well as the corresponding financial package, setting the performance targets for the variable component of such remuneration in line with Group Remuneration Policies;
- specifies the remuneration of UnipolSai Key Managers (including the Heads of the Fundamental Functions), setting the performance targets for the variable component, in line with Group Remuneration Policies and with the guidelines specified by the Board of Directors in the general policies, without prejudice to the powers of the Control and Risk Committee with regard to the Heads of the Fundamental Functions.

### 4.1.4. The Remuneration Committee

The Remuneration Committee supports the Board of Directors by providing advice and making proposals. To this purpose, it:

- (i) submits proposals to the Board of Directors on the Remuneration Policies;
- (ii) submits proposals to the Board of Directors on the remuneration of the Directors who hold particular offices and the General Manager, taking into consideration the guidelines provided by the Parent Company, and sets performance targets for the variable component of such remuneration, monitoring the application of the decisions adopted by the Board of Directors and verifying, in particular, the actual achievement of such performance targets;
- (iii) regularly evaluates the adequacy, overall consistency and correct application of the general policies for the remuneration of the Directors, the General Manager and the Key Managers (including the Heads of the Fundamental Functions) of UnipolSai, availing itself, in this last regard, of the information provided by the **Managing Director-Group CEO and General Manager** of Unipol and submits proposals to the Board of Directors on these matters;
- (iv) identifies potential conflicts of interest and the measures taken to manage them;
- (v) produces appropriate information for the Board of Directors on the effective operation of the Remuneration Policies.

All members of the Committee have adequate knowledge and expertise in financial matters and/or remuneration policies, as assessed by the Board of Directors at the time of their appointment.

The Remuneration Committee in office at the publication date of this Report includes three non-executive Directors, appointed by the Board of Directors at the meeting held on 12 May 2016, all in possession of the independence requirements specified by the Code of Conduct and pursuant to Article 16 of the Markets Regulation adopted by CONSOB with resolution n. 20249 of 28 December 2017, formerly Article 37 of the Markets Regulation adopted by CONSOB with resolution n. 16191 of 29 October 2007.

In 2019, at the date of publication of this Report, the Remuneration Committee had met:

- on 27 February 2019, to review, validate, assess and make proposals on the guidelines and objectives for the 2019 Remuneration Policies;
- on 12 March 2019, to make proposals on the pay-out of the variable component of the 2018 short-term remuneration component and of the long-term remuneration component for the 2016-2018 period of UnipolSai managers; to review UnipolSai Remuneration Policies for the 2019-2021 period and to review this Report.

Further information on the work carried out and the main issues discussed by the Remuneration Committee in 2018 can be found in the Annual Report on corporate governance and ownership structures, available in the Governance/Shareholders' Meetings/2019/Ordinary and Extraordinary Shareholders' Meeting 17 April 2019 Section on UnipolSai's website [www.unipolsai.com](http://www.unipolsai.com).

#### 4.1.5. Unipol Governance, Legal Affairs and Human Resources General Manager

Unipol Governance, Legal Affairs and Human Resources Manager is in charge of establishing and overseeing the formulation of the proposals concerning the Remuneration Policies and sees to its implementation, involving the other functions where necessary and/or appropriate.

#### 4.1.6. The Fundamental Functions

The Fundamental Functions are involved, in the areas within their respective competence, both in the ex-ante definition of the Remuneration Policies and in the ex-post assessment of their correct application.

In particular:

- the Chief Risk Officer Function helps ensuring the consistency of the Remuneration Policies with the risk appetite, also by identifying appropriate risk indicators and assessing their correct use;
- the Compliance and Anti-Money Laundering Function carries out the control of compliance with the objective of respect of the corporate governance codes as well as of the laws and regulations in force and reports to the pertinent bodies on the performances of the assessments, indicating any corrective action required;
- the Audit Function verifies the correct application of the Remuneration Policies to ensure efficiency and to safeguard the assets of the company, reporting to the pertinent bodies on the performances of its assessments and on any corrective action to be taken.

### 4.2. Independent experts

UnipolSai makes use of the advice of independent experts for the performance of its activities on remuneration issues. In particular, the Company has been supported by consultants in the definition of its remuneration policies, in the assessment of the best remuneration practices in its business sector and in the execution of an external competitiveness analysis on market benchmarks for companies of the sector believed to be comparable.

For 2019, UnipolSai, as the Parent Company, made use of the consulting company Mercer.

## 5. Remuneration Policies of Corporate Bodies

## 5.1. Remuneration of Non-executive Directors

The annual compensation of non-executive Directors is fixed. In addition to this, they may be refunded the expenses incurred for the performance of their function and receive attendance fees for their participation in board meetings and shareholders' meetings. UnipolSai also bears the cost of the insurance coverage related to the civil liability towards third parties deriving from the legal and contractual obligations arising from the Director position and the related legal counsel expenses.

The Shareholders' Meeting on 27 April 2016, which appointed the Board of Directors in office, also resolved to provide insurance coverage for risks related to third party liability arising from the legal and contractual obligations arising from the Director and Statutory Auditor position and the related legal counsel expenses, at the Company's expense. In this regard, we note that the Company, in line with the other companies of the Unipol Group, has subscribed to the Group D&O Policy stipulated by the Parent Company. The conditions of the policy, with a yearly duration from 20 November 2018, envisage a limit, at Group level, of a total of Euro 75 million to the benefit of the insured parties.

The total cost of the policy is shared among all Unipol Group companies, applying a percentage to the same that corresponds to the weighted average of the relation between the following economic-capital ratios of each company and those of the Group: (i) Balance Sheet Assets; (ii) Shareholders' equity; (iii) revenue calculated on the basis of the criteria of the Antitrust Authority.

At 31 December 2018, the Company bore a cost of around Euro 852,000.

The Board of Directors also awards an additional fixed fee for each meeting attended by a Director member of a Board Committee.

No variable remuneration component is awarded to non-executive Directors.

The Board of Directors awards to non-executive Directors who hold specific offices an additional fixed compensation, after hearing the opinion of the Statutory Auditors; these Directors may also be awarded additional benefits such as accommodation and/or the use of company cars.

The payment of an indemnity to Directors is not envisaged in the event of their resignation, revocation of mandate/appointment or termination due to a takeover bid.

The Board of Directors, on proposal of the Remuneration Committee and with the favourable opinion of the Statutory Auditors, sets the remuneration, in a fixed amount, due to the Chairman and the non-executive Deputy Chairman for the office held.

## 5.2. Remuneration of the Control body

The annual compensation of the Auditors is fixed and is differentiated between Effective Auditors and Chairman of the Statutory Auditors. In addition to this, Auditors are refunded the expenses incurred for the performance of their function. The Company also bears the cost of the insurance coverage related to the civil liability towards third parties deriving from the legal and contractual obligations arising from the Statutory Auditor function and the related legal counsel expenses.

Statutory auditors are not allowed to receive variable remuneration.

## 6. Remuneration Policies of the General Manager, Key Managers, other Relevant Personnel and other Managers

The remuneration of the General Manager, Key Managers, other Relevant Personnel and other Managers includes a fixed component, a variable component and benefits in the terms and at the conditions specified below.

The same conditions as the Executive Bracket Managers are applied to UnipolSai General Manager; the Board of Directors of UnipolSai may award the General Manager an indemnity ("indennità di carica"), which may be considered for the purposes of the calculation of the variable component of the remuneration.

## 6.1. Fixed remuneration component

The fixed remuneration component is determined, in addition to that envisaged by the applicable National Collective Labour Agreements, also by the following fundamental parameters:

- importance of the assigned position;
- complexity of the role covered;
- significance of the responsibilities attributed;
- the qualitative weight of the skills possessed and acquired;
- alignment with market benchmarks, sector-related and comparable.

In any event, this component is set in a way to guarantee an adequate remuneration even if variable incentives are not granted.

## 6.2. Benefits

Non-monetary benefits, relevant also for the purpose of the calculation of social security contributions and taxes, represent an important component of the remuneration package, both in terms of appreciation by the Recipients and in terms of total remuneration, as a supplementary and/or alternative element to payment in cash, which has proved to be advantageous in establishing effective Remuneration Policies, while ensuring optimal economic impact.

The benefits change according to the category of Recipients both by type and by overall value, and mostly regard supplementary pension schemes and health assistance for employees and their respective families.

The assignment of a company car for personal and business use is envisaged for managers in the Executive, 1st and 2nd Brackets.

Special arrangements are made for access to loans/mortgages to purchase, renovate or build a home, as well as for personal loans.

Executives have the option to subscribe to both a Pension Fund and to a Welfare Fund, the contributions of which are borne by UnipolSai. As regards the Pension Fund, the manager has the option of contributing by paying from his/her severance indemnity.

The Pension Fund covers the subscriber in the event of death or permanent invalidity resulting from a non-work-related accident, as well as in the event of permanent invalidity due to illness and in the event of death for any reason.

Said coverage provided to managers is valid until termination of employment.

The benefits provided by the Welfare Fund to subscribers and beneficiary family members take the form of insurance arrangements, and most regard healthcare advice and information over the phone, reimbursements for admission to hospital, surgery, dentist treatment, specialist medical check-ups, diagnostic checks and treatment.

In addition, insurance cover provided by the Welfare Fund is envisaged for the reimbursement of healthcare expenses in the event that the manager or the spouse is not self-sufficient.

## 6.3. Variable remuneration component

### 6.3.1. Allocation of Managers to Brackets

All managers of the companies of the Unipol Group are placed in one of four Brackets, according to the weight of their position in the organisation and the importance and complexity of the role and position. The “weight” is assigned using a method certified by leading specialist companies recognised at the international level.

Following the analysis of a series of quantitative and qualitative metrics that influence the individual organisational position, this method entails allocating a numeric indicator which, when suitably compared in a standard ranking, provides an objective positioning parameter, also as regards remuneration.

Starting from an analysis of the organisational complexity based on the type of business, the stages of the value chain monitored and the main size elements, the process calls for the evaluation of all organisational positions on the basis of different factors, which measure not only the professional and management skills required to properly fulfil the role, the qualitative/quantitative characteristics of the team through which they are exercised and the corresponding geographical area of application, but also the type and level of contribution to the business, the type of communication and the context of the interlocutors typically managed by this role, as well as the degree of innovation required within the improvement and development of procedures, services and products and the levers available to achieve this.

In particular:

- the Executive Bracket includes the Top Executives of the Group (the General Managers of Group Areas, as well as other Managers, identified each time, who hold positions of special organisational importance);
- the 1st Bracket includes the holders of positions of high strategic complexity and organisational importance;
- the 2nd Bracket includes the holders of positions of special organisational importance for the Group;
- the 3rd Bracket includes the remaining holders of other positions.

The allocation to the Brackets is made on proposal of the Governance, Legal Affairs and Human Resources General Manager of Unipol, who makes use of the most appropriate methods to weigh the positions on the market as specified above, and with the approval of the Group CEO and Unipol General Manager. The allocation to the Brackets is updated and revised at least once a year.

The allocation to a Bracket results in different and differentiated approaches to the Remuneration Policies, including the remuneration opportunity related to the Variable Incentive as described below.

Within each Bracket, the articulation and individual allocation of short- and long-term incentives is made on the basis of:

- comparable market references;
- the professional category to which the resource belongs;
- retention requirements.

### 6.3.2. Variable Incentive System

The awarding of the variable component of the remuneration is regulated by the Unipol Performance Management Incentive System (“UPM System”), which involves the entire Executive Personnel and is aimed at developing a sustainable performance culture by linking the performances of the Group and the individual company with the individual performance.

The UPM System is adopted by the Parent Company and implemented by the companies of the Group with reference to the specific conditions of access to the UPM System.

The UPM System produce effects for the companies at the time in which these implement the applicable Remuneration Policies of Group/segment/company through

the pertinent bodies and procedures, taking over in this way the costs deriving from its application to the Beneficiaries.

The UPM System is based on the logic of self-financing. An essential requirement for the payment of the incentives there specified, aside from continuing positive actual economic performances and minimising risk factors, is therefore the existence of a Dividend Capability, that is, the satisfaction of the conditions, in terms of economic result and minimum solvency requirements of Unipol, for any distribution of dividends to the Unipol shareholders, in accordance with the provisions of the By-Laws and of the law applicable on each occasion.

In line with the requirements of the laws and regulations in force on Remuneration Policies, the UPM System follows the following principles:

- the performances based on which the remuneration is awarded include not only on economic performance but also the risk profiles of the Group and companies of the Group and a focus on quality (e.g. compliance to external and internal regulations);
- where applicable, the Fundamental Functions should be involved, each according to the respective powers and according to legal and regulatory provisions, in the assessment of the consistency of the UPM System and its application to the Remuneration Policies;
- the variable component of the remuneration of the Heads and senior management of the Fundamental Functions should be independent from the performances achieved by the operating units under their control and depend instead on the achievement of targets related to the effectiveness and quality of the control activity, provided these are not source of conflicts of interest;
- greater independence from bonuses linked to short-term financial performances;
- a substantial part of the Actual Bonus should be awarded in the form of financial instruments, structured in way to ensure that the corresponding economic benefits are achieved gradually over time;
- a significant part of the Actual Bonus should be deferred;
- a one-year Holding Period should be introduced for the portion of Variable Incentive awarded in the form of financial instruments, whether paid as STI or LTI;
- appropriate clauses should be introduced, to make it possible:
  - (i) to withhold, fully or in part, the compensation if the pre-specified targets have not been reached or if there was a significant deterioration in the economic and financial position of the Group and/or UnipolSai;
  - (ii) to demand the full or partial repayment of the compensation paid if the performance is found to not be sustainable or real, triggering claw-back provisions.

The UPM System sets conditions and criteria for the Potential Bonus to be paid out: the maximum annual amount of the Potential Bonus is calculated as a percentage of the RAL of the Beneficiary at 31 December of the Accrual Year, a percentage that is differentiated according to the position held by the Beneficiary.

All Managers of the Unipol Group are Beneficiaries of the UPM System, including those employed by UnipolSai, as specified below, in service for at least six months in the Accrual Year, applying "pro quota" the effects of the participation in the UPM System.

The UPM System sets terms, conditions and methods for the payment of a variable short-term and long-term component.

The UPM System is applied according to criteria that are differentiated according to:

- (i) whether the Beneficiary is qualified as a Key Manager or not, provided this qualification was given to the Beneficiary for most of the Accrual Year;

- (ii) the position of the Beneficiary (e.g. working at the Fundamental Functions), provided the position was held for most of the Accrual Year.

The actual applicability of the UPM System to the individual Beneficiary depends on the professional services actually and mainly provided by the Beneficiary in a company (also under "secondment"): for the purposes of the UPM System, it is not relevant whether the Beneficiary contractually belongs to a different company of the Unipol Group.

The seconding company specifies the individual targets together with the host company(ies).

The seconding company allocates, monitors and verifies the achievement of the individual targets together with and on behalf of the host company(ies), from which it receives special power of attorney and to which it charges, as is custom, the corresponding expenses. The power of attorney must specify all elements necessary to define a process for the awarding and final verification of targets able to take into account also the interest of the seconding company.

### **6.3.2.1. Potential Bonus**

For each Manager Bracket, the Potential Bonus, as described in Table 1, is articulated as follows:

- (i) an STI component, which is paid out 50% in monetary form and 50% in the form of financial instruments;
- (ii) an LTI component, which is paid out 50% in monetary form and 50% in the form of financial instruments.

<b>Table 1 – Potential Bonus</b>					
<b>Beneficiaries</b>	<b>% maximum vs RAL<sup>4</sup></b>	<b>of which: (% maximum vs RAL)</b>		<b>Weight % with respect to Total Bonus</b>	
		<b>STI</b>	<b>LTI</b>	<b>STI</b>	<b>LTI</b>
Executive Bracket Managers (including UnipolSai General Manager)	125%	50%	75%	40%	60%
1st Bracket Managers	100%	50%	50%	50%	50%
2nd Bracket Managers	70%	35%	35%	50%	50%
3rd Bracket Managers	40%	20%	20%	50%	50%

For the Beneficiaries whose Potential Bonus represents a particularly high portion of total remuneration<sup>5</sup>, the LTI component is equal to 60% of the Total Bonus.

### 6.3.2.2. Particularly high Variable Component

Pursuant to the IVASS Guidelines, the variable remuneration paid to Executive Bracket Managers, including the General Manager, represents a “particularly high variable remuneration amount” as it potentially exceeds 100% of the fixed remuneration.

### 6.3.2.3. Conditions for access to the UPM System – Short-term Company Performance

Access to the UPM System is conditional on the achievement of performance targets that also take into account the current or future risks connected with the pre-specified performance of the Group and of UnipolSai.

There are:

- two access conditions related to Group performance targets, as described below;
- additional access conditions for UnipolSai, which reflect its regulatory requirements and self-financing ability.

### 6.3.2.4. Conditions for access

Access to the UPM System is conditional on the achievement of a given percentage of the Consolidated Gross Profits target of Unipol as indicated in the 2019 budget, and more precisely:

- for the General Manager, Key Managers and other Relevant Personnel, at least 90% of the Consolidated Gross Profits target;

<sup>4</sup> For Beneficiaries to whom the provisions in 6.3.2.2 on particularly high Variable Component do not apply, the amount of the Variable Component is divided equally between STI Bonus and in LTI Bonus; for Beneficiaries to whom the provisions in 6.3.2.2 apply, the amount of the Variable Component is divided as follows: 40% STI Bonus and 60% LTI Bonus.

<sup>5</sup> Point 2, letter g) Par. 2 of Annex to IVASS Guidelines – see Par. 6.3.2.2

- for other Beneficiaries, at least 80% of the Consolidated Gross Profits target;

In addition, also to ensure a more precise compliance with the provisions issued by the pertinent Supervisory Authorities on sound and prudent risk management, the full pay-out of the Actual Bonus is conditional on the achievement by Unipol of a consolidated coverage ratio (solvency ratio), calculated using Solvency II metrics, equal to the target set for 31 December 2019 by the pertinent bodies. A value between 100% and 80% of the target, provided the result is not less than 1.0, reduces the Actual Bonus by 25%. The Actual Bonus is zero if said value is below 80% of the target.

For UnipolSai, the condition to be met is the achievement of the target of 90% of IAS individual Gross Profits (80% for Management not included among Relevant Personnel) as shown in the approved budget for the Accrual Year.

In addition, there is a requirement in terms of an individual solvency ratio (balance sheet strength) for UnipolSai, calculated using Solvency II metrics, net of transactions on share capital and/or with an impact on said ratio, already performed, underway or to be resolved upon in the future, made by the majority shareholder, corresponding to the target set for 31/12/2019 by the pertinent decision-making bodies.

Regardless of whether the conditions set in regard to the Group performance are met, if even one of the two previous conditions is not met, no Variable Incentive deriving from the UPM System will be due for the Accrual Year.

Access to the System by Managers working within the Fundamental Functions is not conditional on the achievement of the Consolidated Gross Profits condition.

### 6.3.2.5. Short-term incentive (STI)

The UPM System provides for an STI Bonus, the amount of which is calculated (as described here) according to the individual performance achieved and Bracket to which the Beneficiary belongs.

Without prejudice to any malus and/or claw-back provision, the STI Bonus may be paid to the Beneficiaries as specified below, in the amount calculated at the end of all steps specified by the assessment and final measurement process.

The reference Bracket is the Bracket in which the Beneficiary was placed for most of 2019.

### 6.3.2.6. Individual Short-term targets

Every year, each Beneficiary is assigned four individual targets, both qualitative and quantitative, each of which is given a “weight” that represents the significance with respect to the total of the individual targets.

The first two are quantitative objectives related to the area of which the Beneficiary is in charge. Such targets are structured in line with the strategic objectives of the Group and consistent with the risk profiles established for the Group itself.

The four individual targets are thus articulated:

- (i) First quantitative individual target (weight: 30%).

- (ii) Second quantitative individual target (weight: 30%).
- Qualitative individual target (weight: 20%).
- Management skill development target (weight: 20%).

The final measurement of each individual target is carried out applying the following percentage values to the relative weight of the target:

- Not reached = 0% of the weight of the individual target
- Partly reached = 50% of the weight of the individual target
- Reached = 100% of the weight of the individual target.

The overall Individual Performance Level is obtained by adding the performance values of the individual objectives calculated as above, as shown by the summary diagram below.

An Individual Performance Level of less than 60% of the sum of the weights of the individual objectives achieved performances in a Total Bonus of zero.

In the event of failure to achieve even just one of the two quantitative objectives, even if the result calculated as shown above generates a value equal to or over 60%, the Total Bonus will be zero.

<b>Table 2 - Summary diagram Individual Performance Level</b>			
<b>Individual targets</b>	<b>Weights given</b>		
	<b>Not reached</b>	<b>Partly reached</b>	<b>Reached</b>
First quantitative target	<b>0%</b>	<b>15%</b>	<b>30%</b>
Second quantitative target	<b>0%</b>	<b>15%</b>	<b>30%</b>
Qualitative target	<b>0%</b>	<b>10%</b>	<b>20%</b>
Management skill development target	<b>0%</b>	<b>10%</b>	<b>20%</b>

- Threshold of total *performance* to access to the disbursement of the Actual Bonus: 60%
- In the event of a failure to achieve one of the two quantitative objectives, the Actual Bonus will be zero.

Table 3 shows the *Pay-out* curve for the STI Bonus according to the individual performance calculated as described above:

<b>Table 3 - Individual Performance Level / STI Pay-out</b>	
<b>Individual Performance Level</b>	<b>STI Bonus</b>
<b>60%</b>	30% of STI Bonus maximum value
<b>65%</b>	40% of STI Bonus maximum value
<b>70%</b>	50% of STI Bonus maximum value
<b>75%</b>	60% of STI Bonus maximum value
<b>80%</b>	70% of STI Bonus maximum value
<b>85%</b>	80% of STI Bonus maximum value
<b>90%</b>	90% of STI Bonus maximum value
<b>100%</b>	STI Bonus maximum value

Any disbursement is carried out by May of the year after the Accrual Year.

The STI Bonus is paid in two parts: a part, equal to 50% of its amount, in monetary form; the other part, equal to the remaining 50%, in Shares: to the latter part the Holding Period clause is applied, as better described below.

The number of Shares due is calculated dividing the value of 50% of the STI Bonus in two equal parts. One part is related to the average value of the Unipol Share recorded in January of the Accrual Year, while the other part is related to the average value of the UnipolSai Share also recorded in the same month.

Subject to the provisions in Par. 1. and 2. below, the awarding of the Shares related to the parts of STI and LTI Bonus due will take place, in the terms previously indicated, provided that, at the awarding date, the Beneficiary is actually in the employment of UnipolSai or of another company of the Unipol Group and that he or she has not given notice or is on leave.

1. In the following cases, the number of Shares to be assigned, relating to the STI Bonus portion due, is recalculated on a pro rata basis according to the number of full months actually spent in service by the Beneficiary at issue:
  - i. Beneficiaries terminating their employment with UnipolSai and/or with other companies of the Unipol Group during the Accrual Year for the Bonus portion, due to the accrual of the right to a retirement pension or other forms of accrual of the right to a retirement pension, as long as adopted on the company's initiative through recourse to legislative or contractual provisions;
  - ii. Beneficiaries terminating their employment with UnipolSai and/or with other companies of the Unipol Group during the Accrual Year for the Bonus portion, due to a consensual agreement with the employer, based on that set forth in the aforementioned agreement;
  - iii. Beneficiaries involved in extraordinary corporate transactions resulting in the transfer of ownership of the controlling interest of the company of which they are employees to another party not

belonging to the Unipol Group, concluded during the Accrual Year of the Bonus portion.

2. In the following cases, Shares relating to the LTI Bonus portions will be assigned:
  - i. to Beneficiaries terminating their employment with UnipolSai and/or with other companies of the Unipol Group, starting from 31 December of the last year of the Three-Year Accrual Period, due to the accrual of the right to a retirement pension or other forms of accrual of the right to a retirement pension, as long as adopted on the company's initiative through recourse to legislative or contractual provisions;
  - ii. to Beneficiaries terminating their employment with UnipolSai and/or with other companies of the Unipol Group, starting from 31 December of the last year of the Three-Year Accrual Period, due to a consensual agreement with the employer, based on that set forth in the aforementioned agreement;
  - iii. to Beneficiaries involved in extraordinary corporate transactions resulting in the transfer of ownership of the controlling interest of the company of which they are employees to another party not belonging to the Unipol Group, concluded starting from 31 December of the last year of the Three-Year Accrual Period.

### **6.3.2.7. Long-term Incentives (LTI)**

The UPM System provides also, after the end of the Three-Year Accrual Period, for the disbursement of an LTI Bonus, the amount of which is calculated (as described below) in proportion to the Actual STI Bonus.

The long-term incentive is awarded by virtue of a new closed plan articulated on the Three-year Business Plan period (2019-2020-2021).

### **6.3.2.8. Long-term targets**

The amount of the LTI Bonus for the Beneficiaries who do not work within the Fundamental Functions is calculated according to the achievement, joint or separate, of the indicators shown in Table 4.

<b>Table 4 - LTI targets for non-Fundamental Functions</b>	
<b>Indicator</b>	<b>Contribution to LTI Bonus amount</b>
Achievement of at least 80% of the result of the Unipol Group, measured based on the cumulative Consolidated Gross Profits for the years 2019, 2020 and 2021 of the values as established each year by the pertinent corporate bodies	<b>45%</b>
Achievement, at the end of the Three-Year Accrual Period, of the capital solvency requirement target of Unipol as specified by the pertinent corporate bodies	<b>30%</b>
Positive ratio between the average value of the Unipol Share in the first quarter 2022 and the average value in the first quarter 2019	<b>20%</b>
Reputational Profile of the Unipol Group in the Three-Year Accrual Period (understood as the average of monthly measurements) exceeding the one recorded, in the same period, by the Financial-Insurance Sector as a whole <sup>6</sup> .	<b>5%</b>

The amount of the LTI Bonus for the Beneficiaries who work within the Fundamental Functions depends on the achievement, joint or separate, of the indicators shown in Table 5.

<b>Table 5 - LTI targets for Fundamental Functions</b>	
<b>Indicator</b>	<b>Contribution to LTI Bonus amount</b>
Achievement of an average Individual Performance Level over the Three-Year Accrual Period not below 85%, on condition that both individual quantitative targets are fully reached in at least two of the three financial years;	<b>60%</b>
Achievement, at the end of the Three-Year Accrual Period, of the capital solvency requirement target of Unipol as specified by the pertinent corporate bodies	<b>35%</b>
Reputational Profile of the Unipol Group in the Three-Year Accrual Period (understood as the average of monthly measurements) exceeding the one recorded, in the same period, by the Financial-Insurance Sector as a whole <sup>7</sup> .	<b>5%</b>

For the Beneficiaries who do not benefit of a particularly high Variable Component, the annual amount of the LTI Bonus is equal to one-third of the sum of the Actual LTI Bonuses accrued in the Three-Year Accrual Period and is proportional to the achievement of the Long-Term Targets.

<sup>6</sup> Amount calculated and measured based on the RepTrak® model of the Reputation Institute.

<sup>7</sup> See previous note.

Any disbursement is made proportionally in equal parts, by the end of January of each of the years 2023, 2024, 2025.

For the Beneficiaries who belong to the Executive Bracket or benefit of the particularly high Variable Component (see Par. 6.3.2.2), the annual amount of the LTI Bonus is equal to one-fifth of the sum of the Actual LTI Bonus accrued in the Three-Year Accrual Period and is proportional to the achievement of the long-term targets. Any disbursement is carried out proportionally, in equal parts, in January of each of the years 2023, 2024, 2025, 2026, 2027.

The LTI Bonus is paid in two parts: a part, equal to 50% of its amount, in monetary form; the other part, equal to the remaining 50%, in Shares: the Holding Period clause is applied to the latter part, as better specified below.

The number of Shares due is calculated by dividing the value of 50% of the LTI Bonus into two equal parts. One part is related to the average value of the ordinary Unipol share recorded in January 2019, while the other part is related to the average value of the ordinary UnipolSai share recorded in the same month.

### **6.3.2.9. The process for the assignment, assessment and measurement of the targets**

The process for the assignment, assessment and final measurement of the targets involves the direct hierarchical supervisor of the Beneficiary, the Head of his/her Department, the Group CEO and the General Manager of Unipol.

the Group CEO and General Manager of Unipol and the Governance, Legal Affairs and Human Resources General Manager of Unipol oversee, also in the merit, the entire process.

The target-setting stage provides for the delivery to each Beneficiary of the Remuneration Policies that apply to the Beneficiary. By signing off for this purpose, the Beneficiary declares knowledge of the contents and acceptance of the mentioned documentation.

The Group Remuneration Policies and the Remuneration Policies of the sector and/or company are in any case disclosed to all Beneficiaries through publication on the company intranet.

In the final measurement process, the aforesaid bodies shall also duly take into account the total individual contribution provided for the good operation of the entity, in a broader framework of consistency and overall stability of the corporate system.

In the final measurement process, the contribution of the Chief Risk Office and Group Management Control functions is used for the ex-ante and ex-post verification of the quantitative indicators.

The size of the STI and LTI Bonuses to be paid shall be defined at the end of all the steps prescribed by the assessment and final measurement process.

In the event that the Beneficiary is affected during the year by organisational modifications also involving the change of his or her direct Supervisor, it will be the responsibility of the previous Supervisor to share the goals already assigned with the new Supervisor, thereby also sending all the necessary documentation. The new supervisor shall oversee the evaluation, together with the parties stated above, of the appropriateness of assigning different goals to those previously assigned, thereby repeating the process accordingly. In this case, the final

measurement must occur proportionately on a "pro rata" basis according to the achievement of the previous and new goals and, in the actual measurement process, the previous supervisor will be required to evaluate the part under his or her responsibility.

If events take place that could impact elements constituting the UPM System and remuneration policies (including, for example but not limited to, extraordinary transactions or transactions on the share capital regarding Unipol and/or the Group, mergers, regulatory amendments or amendments to the scope of UnipolSai and/or the Group), or in the event of significant market discontinuity (such as material changes in domestic and/or international macroeconomic conditions or monetary policy), the Board of Directors of Unipol is delegated the power to make the amendments deemed necessary or appropriate to the UPM System and/or the remuneration policies in order to keep their substantial and economic content unchanged - within the limits allowed by regulations applicable over time - in order to maintain the fairness and overall consistency of the UPM System and/or Remuneration Policies as a whole.

### 6.3.2.10. Conditions for non-payment or reduced payment of the incentives

The Beneficiary object of disciplinary measure of suspension from the service shall lose the right to receive the short and/or long-term variable compensation.

Clauses are envisaged on the basis of which no bonus is paid out, in terms of:

#### a. *Malus*

The Bonuses envisaged by the incentive system will not be paid if the trend of performances of the Group and/or UnipolSai, adjusted for risks, deteriorates, and if the Beneficiary does not comply with regulatory or supervisory provisions, the consequence of which has entailed a disciplinary sanction against the Beneficiary in question, or if the Fundamental Functions discover that the Beneficiary has behaved in such a way so as to commit a serious infringement of internal or external provisions or the applicable standards of conduct.

#### a. *Claw-back*

UnipolSai shall request the return of any compensation that may have been paid if the relevant supervisory provisions have been infringed or if the Beneficiary has acted fraudulently and/or has committed wilful misconduct or gross negligence with regard to the performance of his/her duties, and this had led to a deterioration of the risk profiles and/or the performances of the Unipol Group and/or Unipol itself, as well as violations of the Code of Ethics<sup>8</sup> and/or conduct that does not comply with legal, regulatory or statutory provisions, based on the provisions of the regulations, without prejudice to any further action.

The length of the period over which the clause is applied is three years, starting from the payment of the individual part (STI or LTI) of variable remuneration.

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<sup>8</sup> The assessments regarding cases of violation of the Code of Ethics are the responsibility of the respective function.

### 6.3.2.11. *Holding Period*

The Shares are subject to a sales ban for a year.

This holding period is believed to be appropriate to the characteristics of the performance measurement systems with which risk is taken in the different business units, including the risk-adjustment mechanisms.

The Holding Period starts from the time the Shares become physically available to the Beneficiary.

## 6.3.3. Other components of remuneration

Remuneration may also include:

- a one-off amount, paid in monetary form and up-front, and in accordance with the following conditions:
  - (i) occurrence of objective circumstances that are completely exceptional and unforeseeable which have required a particularly significant professional commitment, meant to obtain a result of strategic importance for the Group and/or UnipolSai;
  - (ii) determination of the amount in compliance with the principles of proper balancing between the fixed component and the variable component of remuneration, as set forth in laws in force;
  - (iii) awarding on approval of the Board of Directors of UnipolSai.
- welcome bonuses provided in exceptional cases when new personnel is hired to make up for documented pay disadvantages arising from the loss of benefits offered by the previous employer, to be recognised on a one-off basis. It cannot be awarded more than once to the same person;
- seniority bonuses, amounts paid on completion of a certain number of years in service, according to the conditions of the reference CCNL (collective labour agreement) applied;
- compensation paid based on a minimum duration guarantee clause (“patti di stabilità”), for a period not exceeding three years, awarded to guarantee continuity of the employment relationship, ensure greater corporate stability and contribute to further enhance the quality of the professional services of some Key Managers and/or other resources believed to be in any case relevant.

## 6.3.4. Indemnities related to the termination of the employment relationship

For retention purposes, to encourage the achievement of targets of governance, growth and development of the Group, loyalty bonuses may be awarded to Managers who have provided their services to UnipolSai or the Group for a given number of years. The amount of said bonuses, which will be paid on the termination of employment, cannot exceed the amount of five years of total compensation, calculated for the variable part as envisaged by Article 2121, no. 2 of the Italian Civil Code (“Total compensation”).

Any payment of a pre-determined amount in the event of dismissal not supported by just cause, or resignation for just cause or on the request of the reference Shareholder, a circumstance applicable only in the presence of specific supplementary agreements to the contract of employment, may not, in any event, exceed five years of Total Compensation. Moreover, UnipolSai may request beneficiaries to return all or part of the afore-mentioned amount paid to the same, if, within five years following the date of termination of employment, serious measures of these beneficiaries should emerge

with wilful misconduct resulting in damage to UnipolSai, both circumstances (measures and wilful misconduct) ascertained with a later ruling in the courts.

## 7. The remuneration policies of the Non-executive Personnel

Besides a Fixed Component, the remuneration of non-executive personnel may provide for also a variable, as described below.

The fixed remuneration component provides compensation for the skills, capabilities, role and, in particular, the responsibilities relating to the role. It provides for a fixed base remuneration, specified by the applicable collective labour agreements, as well as by the Supplementary Company Agreements, by other any bilateral agreement and by specific internal regulations, and is calculated according to the category and seniority. Reasons of internal fairness, competitiveness, attractiveness, meritocracy or the allocation of greater responsibilities may result in the awarding of fixed economic supplements, consolidating them over time.

The collective labour agreements in force, applicable to the personnel operating at UnipolSai, provide, among other things, for the disbursement of a "Variable Company Bonus" ("PAV" - CCNL Ania), which represents a variable component of the remuneration.

The variable remuneration component is based on two main objectives:

- rewarding performances achieved in the short and medium/long-term, expressed not only in the form of economic revenue, but also in the form of attention to risks and qualitative performance;
- developing professional skills while enacting an effective retention policy.

Remuneration may also include:

- a one-off amount, paid in monetary form and up-front, on the occurring of objective circumstances that have demanded a professional commitment of particular significance;
- cash bonus deriving from the achievement of objectives awarded as a result of the participation in annual or infrannual incentive systems;
- welcome bonus provided in exceptional cases when new personnel is hired to make up for documented pay disadvantages arising from the loss of benefits offered by the previous employer, to be recognised on a one-off basis. It cannot be awarded more than once to the same person;
- seniority bonuses, amounts paid on the completion of a given year of service, according to the provisions of the reference CCNL (collective labour agreement) applied;
- compensation paid based on a minimum duration guarantee clause ("patti di stabilità"), for a period not exceeding three years, awarded to guarantee continuity of the employment relationship, ensure greater corporate stability and contribute to further enhance the quality of the professional services of resources believed to be relevant.

## **SECOND SECTION**

### **INFORMATION ON THE IMPLEMENTATION OF THE REMUNERATION POLICY**

## ARTICULATION

This Section of the Report consists of three parts:

- part one, which provides a description of the compensation of the Recipients of the remuneration policies relating to 2018;
- part two, which illustrates said compensation in the form of tables, as well as the investment held by the Recipients of the remuneration policies again relating to 2018;
- part three, which illustrates in summary form the assessments pertaining to the Fundamental Functions (Audit, Chief Risk Officer and Compliance and Anti-Money Laundering).

## PART ONE

### The remuneration of Directors

The Ordinary Shareholders' Meeting of 27 April 2016 has, inter alia, appointed the Board of Directors of the Company, consisting of 18 members, giving them a mandate of three years and, therefore, up to the Shareholders' Meeting called to approve the 2018 financial statements.

Said Shareholders' Meeting resolved - consistent with the remuneration policies approved by the Company's Board of Directors at the board meeting held on 10 March 2016 and illustrated in the First Section of the remuneration report published in 2016 - an annual remuneration of Euro 40,000 as well as the payment of a gross attendance fee of Euro 1,000 for each board meeting attended, reduced to Euro 500 in case of participation through telephone or audio-visual connection. Furthermore, in addition to the reimbursement of expenses incurred with relation to the office held, in continuity with the past, insurance coverage is provided at the expense of the Company for risks related to third party liability arising from the legal and contractual obligations associated with the office of director and the associated legal and economic protection, in compliance with the law in force.

The Board of Directors' meeting held on 30 June 2016, after consultation with the Remuneration Committee and the Board of Statutory Auditors, then defined the remuneration of the Chairman and Deputy Chairman with regard to said offices; lastly, the members of Board committees were awarded a further fixed fee for attendance at each respective Committee meeting, corresponding to Euro 1,000, reduced to Euro 500 in case of participation through telephone or audio-visual connection, plus the reimbursement of out-of-pocket expenses borne with relation to the office held.

Directors were not awarded, though, any variable remuneration component linked to performances or based on financial instruments.

Details of the compensation paid to the members of the Board of Directors in 2018 are shown in Table 1 below; in this regard, note that, in the column relating to "Non-monetary benefits", the benefits relating to insurance cover for risks related to third party liability, stipulated in favour of Directors, the costs of which are borne by the Company, could not be broken down ad personam. With reference to what already illustrated in Part One of this Report, this inability to break down the benefits was also due to the fact that: (i) the subjective scope of the insured parties benefiting from the policy does not coincide with that of the parties for which information must be provided in this Section of the Report, as it is much wider (it extends, in general, to any person considered the equivalent of a member of the administration, management and control bodies, including therein parties to whom proxies have been awarded and members of the supervisory bodies pursuant to Italian Legislative Decree 231/01) and that (ii) said scope is subject to change during the validity of said policy.

Moreover, said benefits are not considered fringe benefits and do not contribute to the formation of the income of the beneficiaries.

## Remuneration of the Control body

In accordance with the Remuneration Policies adopted and with the resolutions of the Shareholders' Meeting held on 23 April 2018, which appointed them, the 2018 annual compensation of the Statutory Auditors of UnipolSai has been set as a fixed amount. The remuneration differs between Statutory Auditors and the Chairman of the Board of Statutory Auditors, being equal to Euro 50,000 (for each Statutory Auditor) and Euro 75,000 respectively. In addition, the Auditors were reimbursed for the expenses incurred with relation to the office held, and also provided with the payment of a gross attendance fee of Euro 1,000 for each board meeting and committees attended, reduced to Euro 500 in case of participation through telephone or audio-visual connection and insurance coverage at the expense of the Company for risks related to third party liability arising from the legal and contractual obligations associated with the statutory auditor office and the associated legal and economic protection, in compliance with the law in force.

In accordance with the remuneration policies adopted in 2018, Statutory Auditors are paid no variable remuneration.

Details of the compensation paid to the members of the Board of Statutory Auditors in 2018 are shown in Table 1 below; the same considerations illustrated above with regard to the lack of breakdown of benefits relating to insurance cover for risks related to third party liability also apply here.

## Remuneration of the General Manager, Key Managers and other Executives

At the meeting held after the Shareholders' Meeting on 27 April 2016, which renewed the administrative body, the newly-elected Board of Directors appointed a General Manager pursuant to Article 20 of the Company By-Laws. He was acknowledged indemnity for the office totalling Euro 100,000.

In 2018 as in 2017, the remuneration policies of the Company were applied uniformly for the General Manager, the other Key Managers and for the Managers of UnipolSai.

The year in question saw the presence of 21 people in the category of Key Managers, of which 10 employees of Unipol partially seconded to UnipolSai, in turn eligible as Key Managers in Unipol. In this regard, note that seconded Executives received the fixed component of their remuneration and the variable one from the Parent Company; it is hereby understood that UnipolSai shall return the cost borne by Unipol as a secondment fee.

For details regarding the extent of said fee, please refer to the Tables below.

### Fixed remuneration component

The fixed component is comprised of the items of the CCNL and by remuneration from individual contracts; the GAR is also established and excludes Severance pay), any provision or payment relating to social security contributions borne by the employer, and any variable component, whether the same is paid as a one-off amount or on a continuative basis, repeated or deferred, and excluding any bonus, travelling indemnity and any other indemnity.

### Variable remuneration component

The variable remuneration component, also in 2018, could be represented by the following items:

- monetary incentives and incentives in the form of financial instruments, to be paid on the basis of the incentive system dedicated to Executives of the Insurance Sector;
- a one-off amount, paid in monetary form and up-front, and in accordance with the following conditions:
  - (i) occurrence of objective circumstances that are completely exceptional and unforeseeable which required a particularly significant professional commitment, meant to obtain a result of strategic importance for the Company and/or the Unipol Group;
  - (ii) calculation of the amount in compliance with the principles of proper balancing between the fixed component and the variable component of remuneration, as set forth in the laws in force;

- (iii) recognition on approval of the Company's Board of Directors, after obtaining the opinion of the Remuneration Committee;
- seniority bonuses: amounts paid after reaching the 25th and 35th year of actual service with the same company, equal to 8% and 16%, respectively, of the gross annual remuneration.

## Implementation of the 2013-2015 incentive system

At the board meeting held on 12 May 2016, the Board of Directors ascertained full satisfaction of the conditions for the recognition of the long-term incentive pursuant to the 2013–2015 System, as implemented by the relative compensation plan based on financial instruments for 2013–2015 (the “2013–2015 Plan”).

As a result of this positive final measurement, in execution of the Regulation of the 2013-2015 Plan, it was therefore possible to proceed with the allocation to the beneficiaries of the three tranches of Unipol Shares, of which the last one was paid on 2 July 2018. In particular, the Company awarded to the entitled Key Managers the third *tranche* of shares equal to 1/3 of the total accrued at the end of the vesting period, which corresponds to 318,862 Unipol ordinary shares. In this regard, please recall that the share value used as a reference for the calculation of the number of shares due to each recipient of the above-mentioned Plan is the average Stock Exchange value recorded by the ordinary Unipol share in May 2013, equal to Euro 2.7451.

Please note that Table 3A below was not completed with the data relating to the implementation of the 2013–2015 Plan, as its monetary effects were exhausted in previous years and the equity effects, noted above, refer to vested financial instruments at the end of the 2013–2015 three-year period, the disbursement of which in 2018 depended exclusively on the recipient remaining employed by the Unipol Group.

## Implementation of the 2016-2018 incentive system

With reference to the incentive system adopted by the Company for the 2016-2018 period (the “2016-2018 System”), note that during its board meeting held on 22 March 2018, the Board of Directors, having acknowledged the satisfaction of conditions for access to the above-mentioned system for the year 2017, resolved to proceed with the disbursement of short-term monetary incentives, which were actually paid to those entitled with their May 2018 wages.

For the details on the extent of the STI incentives for the year 2017 disbursed in 2018, please see Table 3B below (Column 3B).

During its meeting held on 14 March 2019, the Board of Directors, after favourable opinion of the Remuneration Committee, discussed the arguments and reasons underlying the satisfaction of the conditions of access to the UPM System for the year 2018, resolving to proceed with the disbursement of the short-term monetary incentives, which will be paid with the April 2019 wages.

For the details on the extent of the STI incentives for the year 2017 payable this year, please see Table 3B below (Column 2B).

In view of the end of the vesting period, the Board of Directors at the meeting held on 14 March 2019 also acknowledged the satisfaction of the conditions of the long-term targets of the UPM System for the 2016-2018 period, and resolved to proceed, subject to the assessment of the average value of the Unipol ordinary share in the first quarter of 2019, to the disbursement of the corresponding incentive, by awarding Unipol and UnipolSai Shares, starting from April 2019, in proportion to one-third of the LTI Bonus accrued, and for the two following years 2020 and 2021. The Board of Directors, after acknowledging that the conditions set by the 2016-2018 UPM System for the disbursement of the Additional Bonus had not been met, resolved not to proceed with the payment of the Additional Bonus.

For details on the size of the LTI incentives for the 2016-2018 period, which are payable starting from the current year, we refer to the Table 3A below (Columns 10 and 11). In Column 9 we have also indicated the number of financial instruments no longer due to the General Manager and to the Key Managers as the conditions specified by the 2016-2018 Plan for the Additional Bonus have not been met; in Column 12 of the same Table we have indicated the fair value, at 31 December 2018, of the maximum number of Shares, which may be awarded in April 2021, provided the beneficiary remains in the employment of the Unipol Group

## Information documents on Remuneration Plans based on financial instruments

Detailed information regarding the 2013–2015 Plan and the 2016–2018 Plan is contained in the Information Documents, prepared pursuant to Article 114-bis of the TUF and Article 84-bis of the Issuers' Regulation, and published on the Company's website at [www.unipolsai.com](http://www.unipolsai.com), in the Governance/Shareholders' Meetings Section.

## Other components of remuneration

Remuneration may also include:

- benefits, on which social security and tax contributions are also calculated, which may include assets such as company cars and the use of lodgings;
- compensation paid for minimum duration guarantee clause ("patti di stabilità");
- welcome bonuses provided in exceptional cases when new personnel is hired to make up for documented pay disadvantages arising from the loss of benefits offered by the previous employer, to be recognised on a one-off basis.

## Agreements granting compensation in the case of early termination of employment.

There are no agreements between the Company and the Directors providing for compensation in the event of resignation, revocation of mandate/appointment or cessation of this following a takeover bid.

There are no agreements providing for the assignment or the maintenance of non-monetary benefits for persons who have ceased their position or the conclusion of consulting contracts for a period subsequent to the termination of employment.

There is an agreement providing compensation for non-compete obligations.

Compensation earned on termination of employment is calculated, lacking specific agreements, on the basis of what is set forth in the Collective Agreement for Executives of insurance companies.

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Based on the above, in 2018, the remuneration in favour of Directors, Statutory Auditors, the General Manager and the other Key Managers is consistent with the principles set forth in pay policies in force in 2018.

## PART TWO

### Compensation paid in 2018

Table 1 – Remuneration paid to members of the Administration and Control Bodies, the General Manager and other Key Managers (amounts expressed in Euro)

Surname and Name	Office held	Period for which office has been held	End of term in office	Fixed compensation		Compensation for participation in committees		Variable non-equity compensation		non-monetary benefits	Other compensation	Total	Fair value of equity fees (referred to the maximum number of shares that may potentially be allocated at April 2021)	Compensation for end of office or termination of employment	
								Bonus and other incentives	Profit sharing						
CIMBRI Carlo	Chairman	1/1-31/12/2018	2018 Financial Statements												
	Member of the Chairman's Committee														
Compensation from the company that draws up the financial statements				949,000.00	(1)	1,000.00	(1)						950,000.00		
Compensation from subsidiaries and associates													0.00		
TOTAL				949,000.00		1,000.00		0.00	0.00	0.00	0.00	950,000.00	0.00	0.00	

(1) Compensation not received but paid directly to Unipol Group S.p.A.

Surname and Name	Office held	Period for which office has been held	End of term in office	Fixed compensation	Compensation for participation in committees	Variable non-equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity fees (referred to the maximum number of shares that may potentially be allocated at April 2021)	Compensation for end of office or termination of employment			
						Bonus and other incentives	Profit sharing								
CERCHIAI Fabio	Deputy Chairman	1/1-31/12/2018	2018 Financial Statements												
	Member of the Chairman's Committee														
Compensation from the company that draws up the financial statements				249,000.00		1,000.00				5,745.84			255,745.84		
Compensation from subsidiaries and associates				191,917.81	(1)								191,917.81		
TOTAL				440,917.81		1,000.00	0.00		0.00	5,745.84	0.00		447,663.65	0.00	0.00

(1) Compensation for the offices held in Arca Assicurazioni S.p.A., Arca Vita S.p.A. and Siat S.p.A.

Surname and Name	Office held	Period for which office has been held	End of term in office	Fixed compensation	Compensation for participation in committees	Variable non-equity compensation		non-monetary benefits	Other compensation	Total	Fair value of equity fees (referred to the maximum number of shares that may potentially be allocated at April 2021)	Compensation for end of office or termination of employment			
						Bonus and other incentives	Profit sharing								
STEFANINI Pierluigi	Deputy Chairman	1/1-31/12/2018	2018 Financial Statements												
	Member of the Chairman's Committee														
Compensation from the company that draws up the financial statements				250,000.00	(1)	1,000.00	(1)						251,000.00		
Compensation from subsidiaries and associates													0.00		
TOTAL				250,000.00		1,000.00	0.00	0.00	0.00	0.00	0.00		251,000.00	0.00	0.00

(1) Compensation not received but paid directly to Unipol Group S.p.A.

Surname and Name	Office held	Period for which office has been held	End of term in office	Fixed compensation	Compensation for participation in committees	Variable non-equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity fees (referred to the maximum number of shares that may potentially be allocated at April 2021)	Compensation for end of office or termination of employment
						Bonus and other incentives	Profit sharing					
BERARDINI Francesco	Director	1/1-31/12/2018	2018 Financial Statements									
Compensation from the company that draws up the financial statements				49,000.00							49,000.00	
Compensation from subsidiaries and associates				20,000.00	(1)						20,000.00	
TOTAL				69,000.00		0.00	0.00	0.00	0.00	0.00	69,000.00	0.00

(1) Compensation for the offices held in Siat S.p.A.

Surname and Name	Office held	Period for which office has been held	End of term in office	Fixed compensation	Compensation for participation in committees	Variable non-equity compensation		non-monetary benefits	Other compensation	Total	Fair value of equity fees (referred to the maximum number of shares that may potentially be allocated at April 2021)	Compensation for end of office or termination of employment
						Bonus and other incentives	Profit sharing					
CATTABIANI Paolo	Director	1/1-31/12/2018	2018 Financial Statements									
Compensation from the company that draws up the financial statements				42,500.00	(1)						42,500.00	
Compensation from subsidiaries and associates										0.00		
TOTAL				42,500.00		0.00	0.00	0.00	0.00	42,500.00	0.00	0.00

(1) Compensation not received but repaid to the company of origin.

Surname and Name	Office held	Period for which office has been held	End of term in office	Fixed compensation	Compensation for participation in committees	Variable non-equity compensation		non-monetary benefits	Other compensation	Total	Fair value of equity fees (referred to the maximum number of shares that may potentially be allocated at April 2021)	Compensation for end of office or termination of employment
						Bonus and other incentives	Profit sharing					
COTTIGNOLI Lorenzo	Director	1/1-31/12/2018	2018 Financial Statements									
Compensation from the company that draws up the financial statements				50,000.00	(1)					50,000.00		
Compensation from subsidiaries and associates				95,150.00	(2)			3,615.00		98,765.00		
TOTAL				145,150.00		0.00	0.00	0.00	3,615.00	0.00	0.00	0.00

(1) Compensation not received but repaid to the company of origin.

(2) Compensation for the offices held in: Assicoop Bologna Metropolitana S.p.A., Assicoop Emilia Nord S.r.l., Assicoop Toscana S.p.A., Assicoop Romagna Futura S.r.l., Pegaso Finanziaria S.p.A. and Tenute del Cerro S.p.A. The compensation from Pegaso Finanziaria S.p.A. is not received but repaid to the company of origin.

Surname and Name	Office held	Period for which office has been held	End of term in office	Fixed compensation	Compensation for participation in committees	Variable non-equity compensation		non-monetary benefits	Other compensation	Total	Fair value of equity fees (referred to the maximum number of shares that may potentially be allocated at April 2021)	Compensation for end of office or termination of employment
						Bonus and other incentives	Profit sharing					
DALLE RIVE Ernesto	Director	1/1-31/12/2018	2018 Financial Statements									
Compensation from the company that draws up the financial statements				49,000.00						49,000.00		
Compensation from subsidiaries and associates										0.00		
TOTAL				49,000.00		0.00	0.00	0.00	0.00	49,000.00	0.00	0.00

Surname and Name	Office held	Period for which office has been held	End of term in office	Fixed compensation	Compensation for participation in committees	Variable non-equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity fees (referred to the maximum number of shares that may potentially be allocated at April 2021)	Compensation for end of office or termination of employment
						Bonus and other incentives	Profit sharing					
DE BENETTI Cristina	Director	1/1-31/12/2018	2018 Financial Statements									
Compensation from the company that draws up the financial statements				50,000.00						50,000.00		
Compensation from subsidiaries and associates				23,900.00	(1)	6,600.00	(2)			30,500.00		
TOTAL				73,900.00		6,600.00		0.00		0.00	0.00	0.00

(1) Compensation for the office held in Unipol Banca S.p.A.

(2) Fees for attendance of the Risk Control Committee and the Related Parties Committee of Unipol Banca S.p.A.

Surname and Name	Office held	Period for which office has been held	End of term in office	Fixed compensation	Compensation for participation in committees	Variable non-equity compensation		non-monetary benefits	Other compensation	Total	Fair value of equity fees (referred to the maximum number of shares that may potentially be allocated at April 2021)	Compensation for end of office or termination of employment
						Bonus and other incentives	Profit sharing					
GHIGLIENO Giorgio	Director	1/1-31/12/2018	2018 Financial Statements									
	Member of the Related Party Transactions Committee											
	Member of the Control and Risk Committee											
	Member of the Supervisory Board											
Compensation from the company that draws up the financial statements				50,000.00		28,500.00				78,500.00		
Compensation from subsidiaries and associates										0.00		
TOTAL				50,000.00		28,500.00		0.00		0.00	0.00	0.00

Surname and Name	Office held	Period for which office has been held	End of term in office	Fixed compensation	Compensation for participation in committees	Variable non-equity compensation		non-monetary benefits	Other compensation	Total	Fair value of equity fees (referred to the maximum number of shares that may potentially be allocated at April 2021)	Compensation for end of office or termination of employment
						Bonus and other incentives	Profit sharing					
GIOVETTI Vittorio	Director	1/1-31/12/2018	2018 Financial Statements									
Compensation from the company that draws up the financial statements				50,000.00						50,000.00		
Compensation from subsidiaries and associates										0.00		
TOTAL				50,000.00	0.00	0.00	0.00	0.00	0.00	50,000.00	0.00	0.00

Surname and Name	Office held	Period for which office has been held	End of term in office	Fixed compensation	Compensation for participation in committees	Variable non-equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity fees (referred to the maximum number of shares that may potentially be allocated at April 2021)	Compensation for end of office or termination of employment
						Bonus and other incentives	Profit sharing					
MASOTTI Massimo	Director	1/1-31/12/2018	2018 Financial Statements									
	Member of the Control and Risk Committee											
	Chairman of the Supervisory Board											
	Member of the Related Party Transactions Committee											
Compensation from the company that draws up the financial statements				50,000.00	34,000.00					84,000.00		
Compensation from subsidiaries and associates				1,000.00	(1)					1,000.00		
TOTAL				51,000.00	34,000.00	0.00	0.00	0.00	0.00	85,000.00	0.00	0.00

(1) Compensation for the office held in Pegaso Finanziaria S.p.A.

Surname and Name	Office held	Period for which office has been held	End of term in office	Fixed compensation	Compensation for participation in committees	Variable non-equity compensation		non-monetary benefits	Other compensation	Total	Fair value of equity fees (referred to the maximum number of shares that may potentially be allocated at April 2021)	Compensation for end of office or termination of employment
						Bonus and other incentives	Profit sharing					
MAUGERI Maria Rosaria	Director	1/1-31/12/2018	2018 Financial Statements									
	Member of the Remuneration Committee											
Compensation from the company that draws up the financial statements				49,500.00	2,000.00					51,500.00		
Compensation from subsidiaries and associates										0.00		
TOTAL				49,500.00	2,000.00	0.00	0.00	0.00	0.00	51,500.00	0.00	0.00

Surname and Name	Office held	Period for which office has been held	End of term in office	Fixed compensation	Compensation for participation in committees	Variable non-equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity fees (referred to the maximum number of shares that may potentially be allocated at April 2021)	Compensation for end of office or termination of employment
						Bonus and other incentives	Profit sharing					
MONTAGNANI Maria Lilla	Director	1/1-31/12/2018	2018 Financial Statements									
	Member of the Nomination and Corporate Governance Committee											
Compensation from the company that draws up the financial statements				48,500.00	4,000.00					52,500.00		
Compensation from subsidiaries and associates										0.00		
TOTAL				48,500.00	4,000.00	0.00	0.00	0.00	0.00	52,500.00	0.00	0.00

Surname and Name	Office held	Period for which office has been held	End of term in office	Fixed compensation	Compensation for participation in committees	Variable non-equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity fees (referred to the maximum number of shares that may potentially be allocated at April 2021)	Compensation for end of office or termination of employment
						Bonus and other incentives	Profit sharing					
PICCHI Nicla	Director	1/1-31/12/2018	2018 Financial Statements									
	Member of the Remuneration Committee											
	Member of the Nomination and Corporate Governance Committee											
Compensation from the company that draws up the financial statements				47,500.00	4,000.00					51,500.00		
Compensation from subsidiaries and associates										0.00		
TOTAL				47,500.00	4,000.00	0.00	0.00	0.00	0.00	51,500.00	0.00	0.00

Surname and Name	Office held	Period for which office has been held	End of term in office	Fixed compensation	Compensation for participation in committees	Variable non-equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity fees (referred to the maximum number of shares that may potentially be allocated at April 2021)	Compensation for end of office or termination of employment
						Bonus and other incentives	Profit sharing					
RECCHI Giuseppe	Director	1/1-31/12/2018	2018 Financial Statements									
Compensation from the company that draws up the financial statements				45,000.00						45,000.00		
Compensation from subsidiaries and associates										0.00		
TOTAL				45,000.00	0.00	0.00	0.00	0.00	0.00	45,000.00	0.00	0.00

Surname and Name	Office held	Period for which office has been held	End of term in office	Fixed compensation	Compensation for participation in committees	Variable non-equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity fees (referred to the maximum number of shares that may potentially be allocated at April 2021)	Compensation for end of office or termination of employment
						Bonus and other incentives	Profit sharing					
RIGHINI Elisabetta	Director	1/1-31/12/2018	2018 Financial Statements									
	Member of the Control and Risk Committee											
	Member of the Related Party Transactions Committee											
	Member of the Supervisory Board											
Compensation from the company that draws up the financial statements				50,000.00	28,000.00					78,000.00		
Compensation from subsidiaries and associates										0.00		
TOTAL				50,000.00	28,000.00	0.00	0.00	0.00	0.00	78,000.00	0.00	0.00

Surname and Name	Office held	Period for which office has been held	End of term in office	Fixed compensation	Compensation for participation in committees	Variable non-equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity fees (referred to the maximum number of shares that may potentially be allocated at April 2021)	Compensation for end of office or termination of employment
						Bonus and other incentives	Profit sharing					
TADOLINI Barbara	Director	1/1-31/12/2018	2018 Financial Statements									
	Member of the Related Party Transactions Committee											
Compensation from the company that draws up the financial statements				49,000.00	8,500.00					57,500.00		
Compensation from subsidiaries and associates										0.00		
TOTAL				49,000.00	8,500.00	0.00	0.00	0.00	0.00	57,500.00	0.00	0.00

Surname and Name	Office held	Period for which office has been held	End of term in office	Fixed compensation	Compensation for participation in committees	Variable non-equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity fees (referred to the maximum number of shares that may potentially be allocated at April 2021)	Compensation for end of office or termination of employment
						Bonus and other incentives	Profit sharing					
VELLA Francesco	Director	1/1-31/12/2018	2018 Financial Statements									
	Member of the Remuneration Committee											
	Member of the Nomination and Corporate Governance Committee											
Compensation from the company that draws up the financial statements				50,000.00		6,500.00					56,500.00	
Compensation from subsidiaries and associates				23,900.00	(1)						23,900.00	
TOTAL				73,900.00		6,500.00	0.00	0.00	0.00	0.00	80,400.00	0.00

(1) Compensation for the office held in Unipol Banca S.p.A.

Surname and Name	Office held	Period for which office has been held	End of term in office	Fixed compensation	Compensation for participation in committees	Variable non-equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity fees (referred to the maximum number of shares that may potentially be allocated at April 2020)	Compensation for end of office or termination of employment
						Bonus and other incentives	Profit sharing					
FUMAGALLI Paolo	Chairman of the Board of Statutory Auditors	1/1-31/12/2018	2020 Financial Statements									
Compensation from the company that draws up the financial statements				82,000.00		10,000.00					92,000.00	
Compensation from subsidiaries and associates										0.00		
TOTAL				82,000.00		10,000.00	0.00	0.00	0.00	0.00	92,000.00	0.00

Surname and Name	Office held	Period for which office has been held	End of term in office	Fixed compensation	Compensation for participation in committees	Variable non-equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity fees (referred to the maximum number of shares that may potentially be allocated at April 2021)	Compensation for end of office or termination of employment
						Bonus and other incentives	Profit sharing					
ANGIOLINI Giuseppe	Statutory Auditor	1/1-31/12/2018	2020 Financial Statements									
Compensation from the company that draws up the financial statements				57,000.00	10,500.00					67,500.00		
Compensation from subsidiaries and associates										0.00		
TOTAL				57,000.00	10,500.00	0.00	0.00	0.00	0.00	67,500.00	0.00	0.00

Surname and Name	Office held	Period for which office has been held	End of term in office	Fixed compensation	Compensation for participation in committees	Variable non-equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity fees (referred to the maximum number of shares that may potentially be allocated at April 2021)	Compensation for end of office or termination of employment
						Bonus and other incentives	Profit sharing					
BOCCI Silvia	Statutory Auditor	1/1-31/12/2018	2020 Financial Statements									
Compensation from the company that draws up the financial statements				57,000.00	10,500.00					67,500.00		
Compensation from subsidiaries and associates				11,143.84	(1)					11,143.84		
TOTAL				68,143.84	10,500.00	0.00	0.00	0.00	0.00	78,643.84	0.00	0.00

(1) Compensation for the office held in Casa di Cura Villa Donatello S.p.A. and Centro Oncologico Fiorentino S.r.l. in liquidation.

Surname and Name	Office held	Period for which office has been held	End of term in office	Fixed compensation	Compensation for participation in committees	Variable non-equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity fees (referred to the maximum number of shares that may potentially be allocated at April 2021)	Compensation for end of office or termination of employment
						Bonus and other incentives	Profit sharing					
TROMBONE Domenico Livio	Alternate Auditor	1/1-31/12/2018	2020 Financial Statements									
Compensation from the company that draws up the financial statements										0.00		
Compensation from subsidiaries and associates				80,479.45	(1)	9,809.59	(2)			90,289.04		
TOTAL				80,479.45		9,809.59		0.00	0.00	90,289.04	0.00	0.00

(1) Compensation for the offices held in: Arca Assicurazioni S.p.A., Arca Vita S.p.A., Popolare Vita S.p.A., Tenute del Cerro S.p.A., Unipol Banca S.p.A. and Unisalute S.p.A.

(2) Compensation for the office of member of the Supervisory Body held in Tenute del Cerro S.p.A. and Unipol Banca S.p.A.

Surname and Name	Office held	Period for which office has been held	End of term in office	Fixed compensation	Compensation for participation in committees	Variable non-equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity fees (referred to the maximum number of shares that may potentially be allocated at April 2021)	Compensation for end of office or termination of employment
						Bonus and other incentives	Profit sharing					
BUSSO Donatella	Alternate Auditor	1/1-23/04/2018	23/04/2018									
Compensation from the company that draws up the financial statements												
Compensation from subsidiaries and associates												
TOTAL				0.00		0.00		0.00	0.00	0.00	0.00	0.00

Surname and Name	Office held	Period for which office has been held	End of term in office	Fixed compensation	Compensation for participation in committees	Variable non-equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity fees (referred to the maximum number of shares that may potentially be allocated at April 2021)	Compensation for end of office or termination of employment
						Bonus and other incentives	Profit sharing					
FORNASIERO Sara	Alternate Auditor	1/1-31/12/2018	2020 Financial Statements									
Compensation from the company that draws up the financial statements												
Compensation from subsidiaries and associates												
TOTAL				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Surname and Name	Office held	Period for which office has been held	End of term in office	Fixed compensation	Compensation for participation in committees	Variable non-equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity fees (referred to the maximum number of shares that may potentially be allocated at April 2021)	Compensation for end of office or termination of employment
						Bonus and other incentives	Profit sharing					
RAVICINI Luciana	Alternate Auditor	1/1-31/12/2018	2020 Financial Statements									
Compensation from the company that draws up the financial statements										0.00		
Compensation from subsidiaries and associates				4,879.45	(1)					4,879.45		
TOTAL				4,879.45	0.00	0.00	0.00	0.00	0.00	4,879.45	0.00	0.00

(1) Compensation for the offices held in: Alfaevolution Technology S.p.A. and Pronto Assistenza Servizi S.c.r.l.

Surname and Name	Office held	Period for which office has been held	End of term in office	Fixed compensation	Compensation for participation in committees	Variable non-equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity fees (referred to the maximum number of shares that may potentially be allocated at April 2021)	Compensation for end of office or termination of employment
						Bonus and other incentives	Profit sharing					
LATERZA Matteo	General Manager	1/1-31/12/2018	until revoked									
Compensation from the company that draws up the financial statements				695,614.80			337,499.99		21,473.96	1,054,588.75	545,913.75	(1)
Compensation from subsidiaries and associates				0.00	(2)					0.00		
TOTAL				695,614.80		0.00	337,499.99		21,473.96	1,054,588.75	545,913.75	0.00

(1) Fair value at 31 December 2018 of 1/3 of the maximum number of ordinary shares of Unipol Group and UnipolSai that may be allocated in 2021 at the end of the vesting period (2016-2018), subject to the achievement of the performance conditions of the 2016 - 2018 Plan.

(2) Compensation totalling Euro 70,606.16 for the offices held in Arca Assicurazioni S.p.A., Arca Vita S.p.A., Compagnia Assicuratrice Linear S.p.A., Popolare Vita S.p.A. and Unisalute S.p.A. is not shown. Compensation not received but paid directly to Unipol Group S.p.A.

Office held	Period for which office has been held	End of term in office	Fixed compensation	Compensation for participation in committees	Variable non-equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity fees (referred to the maximum number of shares that may potentially be allocated at April 2021)	Compensation for end of office or termination of employment			
					Bonus and other incentives	Profit sharing								
KEY MANAGERS (20)	1/1-31/12/2018													
Compensation from the company that draws up the financial statements			6,225,351.85	(1)	20,000.00		2,748,576.43	(2)	454,339.48	(3)	9,448,267.76	3,945,546.60	(4)	
Compensation from subsidiaries and associates			0.00	(5)	22,769.18	(6)					22,769.18			
TOTAL			6,225,351.85		42,769.18		2,748,576.43		0.00	454,339.48	0.00	9,471,036.94	3,945,546.60	0.00

(1) Said amount includes the sum of Euro 85,713.60 paid by Unipol Group, as the consideration for the secondment of some Key Managers.

(2) Part of that amount was incurred for Euro 38,274.73 by Unipol Group, to which some Key Managers of the Company are partially seconded.

(3) Said amount includes the sum of Euro 8,615.31 paid by Unipol Group for the secondment of some Key Managers.

(4) Fair value at 31 December 2018 of 1/3 of the maximum number of ordinary shares of Unipol Group and UnipolSai that may be allocated in 2021 at the end of the vesting period (2016-2018), subject to the achievement of the performance conditions of the 2016 - 2018 Plan. The amount includes the amount that will be paid by Unipol Group for a maximum of Euro 47,311,76 for the secondment of some Key Managers.

(5) Compensation totalling Euro 718,204.11 is not shown. Compensation not received but paid directly by the respective companies to Unipol Gruppo S.p.A. and to UnipolSai Assicurazioni S.p.A.

(6) Fees (Euro 9,600.00) for the participation in committees of related companies not received but paid directly by the company to Unipol Group S.p.A. and compensation paid for the Supervisory Body in subsidiaries and associates.

Table 2 - Stock options assigned to members of the Management body, General Managers and other Key Managers

*[Table 2 is not completed as there are no stock option based incentive plans].*

Table 3A - Incentive plans based on financial instruments other than stock options, for members of the Administration Body, General Managers and other Key Managers

(A)	(B)	(1)	Financial instruments allocated in previous years not vested during the year		Financial instruments allocated during the year					Financial instruments vested during the year and not allocated	Financial instruments vested during the year and allocable		Financial instruments relating to the year
			(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)	(10)	
Surname and Name	Office held	Plan	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value on allocation date	Vesting period	Allocation date	Market price on allocation	Number and type of financial instruments	Number and type of financial instruments	Value on maturity date	<i>Fair value (referred to the maximum number of shares that may potentially be allocated at April 2021)</i>
(I) Compensation from the company that draws up the financial statements													
LATERZA Matteo	General Manager	LTI 2016 - 2018								114,372 Ord. Unipol Shares Group 211,395 Ord. UnipolSai Shares	228,574 Ord. Unipol Shares Group 422,475 Ord. UnipolSai Shares	Euro 1,637,741.24	Euro 545,913.75
Other Key Managers (20)		LTI 2016 - 2018								1,030,551 Ord. Unipol Shares Group 1,904,779 Ord. UnipolSai Shares	1,652,001 Ord. Unipol Shares Group 3,053,401 Ord. UnipolSai Shares	Euro 11,836,639.81	Euro 3,945,546.60 (*)
(III) Total												Euro 13,474,381.05	Euro 4,491,460.35

Column (9): number of Shares potentially accrued for the LTI component of the Additional Bonus at the end of the 2016-2018 Plan, no longer payable given the failure to meet the conditions specified for the disbursement of the Additional Bonus.

Column (10): estimated maximum number of Shares that may be allocated, in three tranches starting from 2019, subject to the completion of the final measurement of the conditions of the 2016-2018 Plan.

Column (11): value at 31 December 2018 of the estimated maximum number of Shares that may be allocated in three tranches starting from 2019, subject to the completion of the final measurement of the conditions of the 2016-2018 Plan.

Column (12): *fair value* at 31 December 2018 of 1/3 of the maximum number of Unipol and UnipolSai Shares that may be allocated in 2021 at the end of the vesting period (2016-2018), subject to the achievement of the *performance* conditions of the 2016 - 2018 Plan.

Column (12)(\*): amount will be incurred for a maximum of Euro 47,311.76 by Unipol Group to which some Key Managers of the Company are partially seconded.

Table 3B - Monetary incentive plans for members of the Administration Body, General Managers and other Key Managers

Surname and Name	Office held	(1) Plan	(2)			(3)			(4)
			Annual bonus			Bonus in previous years			Other bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
		To be Paid / Paid	Deferred	Deferral period	No longer payable	To be Paid / Paid	Still deferred		
(I) Compensation from the company that draws up the financial statements									
LATERZA Matteo	General Manager	STI 2016-2018		Euro 337,499.99		Euro 498,749.99	Euro 337,499.99		
Other Key Managers (20)		STI 2016-2018		Euro 2,909,523.25 (*)		Euro 4,930,563.43	Euro 2,748,576.43 (**)		
(III) Total				Euro 3,247,023.24		Euro 5,429,313.42	Euro 3,086,076.42		

Column (2)(B): maximum amount of the IBT incentive pertaining to 2018, which will be paid out in April 2019.

Column (2)(B) (\*): part of that amount, for a maximum of Euro 42,882.74, that will be incurred by Unipol Group to which some Key Managers are partly seconded.

Column (3)(A): IBT amount of the Additional Bonus component accrued for the 2016-2018 Plan that is no longer payable as the conditions specified for the disbursement of the Additional Bonus were not met.

Column (3)(B): IBT amount for 2017, paid out in 2018.

Column (3)(B) (\*\*): part of that amount that was incurred for Euro 38,274.73 by Unipol Group to which some Key Managers of the Company are partially seconded.

Investments of members of the Administration and Control Bodies, the General Manager and Key Managers

Table 1: Investments of members of the Administration and Control Bodies and of General Managers

Surname and Name	Office held	Investee company	Class of shares	Number of shares held at the end of the previous year	Number of shares purchased	Number of shares sold	Number of shares held at the end of the current year
CERCHIAI Fabio	Deputy Chairman	UnipolSai Assicurazioni S.p.A.	ORD	100,000	50,000	0	150,000
DE BENETTI Cristina	Director	UnipolSai Assicurazioni S.p.A.	ORD	4,000	0	0	4,000
GIOVETTI Vittorio	Director	UnipolSai Assicurazioni S.p.A.	ORD	9,650	0	0	9,650

Table 2: Investments of other Key Managers

Number of Key Managers	Investee company	Class of shares	Number of shares held at the end of the previous year	Number of shares purchased	Number of shares sold	Number of shares held at the end of the current year
20	UnipolSai Assicurazioni S.p.A.	ORD	3,600	0	0	3,600 (*)

(\*\*) Of which 1,100 shares held by spouse.

## **PART THREE**

### **Assessment of Fundamental Functions**

The Fundamental Functions of the company carry out, within their area of competence, at least once a year, assessments of the implementation of the remuneration policies adopted.

The activities and the results of said assessments are summarised below.

#### **Ex-ante assessments of the Chief Risk Officer and Compliance and Anti-Money Laundering Functions**

The Chief Risk Officer and Compliance and Anti-Money Laundering Functions have reviewed the Remuneration Policies that will be submitted to the approval of the Shareholders' Meeting of UnipolSai convened to approve the 2018 financial statements.

The results of these assessment activities have confirmed, as regards the Compliance and Anti-Money Laundering Function, the compliance of said Remuneration Policies with the internal and external reference legislative framework and, as regards the Chief Risk Officer Function, the consistency of the objectives, principles and application of the Policies with the risk appetite of the Company, as envisaged by the regulations in force.

#### **Ex-post assessments of the Audit Function**

The Audit Function must ensure that the Remuneration Policies are correctly applied, in accordance with the guidelines established by the Board of Directors, with a view to the efficiency and protection of the Company's assets.

To this end, assessments were carried out to ensure the consistency between the activities implemented in 2018 and those envisaged by the "2018 Remuneration Policies of the Insurance Companies of the Unipol Insurance Group", adopted by the pertinent bodies of UnipolSai.

No irregularities emerged from these assessments.



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