

**2019**

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

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**ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING**

**17 APRIL 2018 AS A CONSOLIDATED SESSION**

**EXPLANATORY REPORTS OF THE BOARD OF DIRECTORS**

**(prepared pursuant to Art. 125-ter of Legislative Decree no. 58 of  
24 February 1998 and**

**of Arts. 72 and 73 of the Issuer Regulation)**

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## AGENDA

### ORDINARY SHAREHOLDERS' MEETING

1. Financial Statements at 31 December 2018; 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.

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**REPORT OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS' MEETINGS ON ITEM NO. 2  
ON THE AGENDA OF THE ORDINARY PART**

**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.**

Dear Shareholders,

with the approval of the financial statements at 31 December 2018, the mandate granted to the Board of Directors of Unipol Assicurazioni S.p.A. ("UnipolSai" or the "Company"), appointed by the Meeting of 27 April 2016, comes to an end, the term of office having expired.

We invite you, therefore, to resolve – in compliance with the relevant laws and regulations in force, as well as with the By-Laws – the appointment of the Board for the years 2019, 2020 and 2021 and therefore until the Shareholders' Meeting called to approve the financial statements at 31 December 2021; and this according to the procedures and conditions set forth in Art. 13 of the By-Laws, which envisages a list voting mechanism, suitable for allowing, in compliance with current laws, one Director to be elected by the minority, as well as on the basis of CONSOB Director's Resolution no. 13 of 24 January 2019, which established the minimum participation percentage required for the submission of lists.

It should be remembered, in this respect, that the By-Laws provide for the Board of Directors to have no less than 9 and no more than 19 members.

Members of the Board of Directors are elected on the basis of lists submitted by those Shareholders who at the time they are submitted are entitled to vote at the relevant Shareholders' Meeting. The candidates on each list must be listed by means of a serial number.

With reference to the independent nature of the Directors, it is noted that, pursuant to Art. 16, paragraph 1, letter d) of CONSOB Regulation no. 20249 of 28 December 2018 (so-called Markets Regulation), as UnipolSai is subject to the management and coordination of Unipol Gruppo S.p.A. (an Italian company with shares listed on regulated markets), the Board of Directors of the Company must be comprised of a majority of independent members, pursuant to both the TUF (that is, satisfying the same independence requirements as established for Statutory Auditors by Art. 148, paragraph 3, of the TUF) and the Corporate Governance Code for Listed Companies ("Corporate Governance Code"). As such, it is not possible to consider as independent those who hold the position of Director in Unipol Gruppo.

That said, for anything not specifically mentioned herein, reference should be made to the aforementioned provision of the By-Laws. We also note that:

- lists containing the names of the candidates - in a number not exceeding 19, listed in order - must be filed at the registered office of the Company, as indicated in the notice of meeting, at least 25 days before the date of the Shareholders' Meeting itself and the Company shall make them available to the public at the registered office, on its website and in any other ways required by current legal and regulatory provisions, at least 21 days before the date set for the Meeting;
- according the provisions of the referenced CONSOB Director's Resolution no. 13 of 24 January 2019, the right to submit a list pertains to Shareholders who, alone or with other Shareholders, as a whole hold at least 1% of the share capital; the ownership of the stake required for the submission of the lists is determined having regard to the shares that are entered for the submitting Shareholder(s) on the day that the lists are filed at the Company;
- each person presenting a list, the parties to a material shareholders' agreement for the purposes of art. 122 of the Consolidated Law on Finance regarding financial instruments issued by the Company, the controlling person and the subsidiaries of, as well as the companies under common control with, the person presenting the list pursuant to Art. 93 of the TUF, cannot present or participate in the presentation, not even through a third party or a fiduciary company, of more than one list or vote, not even through a third party or a fiduciary company, for lists other than the list they have presented individually or jointly with others. Any support and vote cast in breach of such provision shall not be attributed to any list;
- any candidate can appear on only one list, on pain of ineligibility.

Without prejudice to that previously specified with reference to the provisions contained in the Market Regulations, the lists containing a number of candidates equal at least to the minimum number of members of the Board of Directors laid out in the By-Laws must also contain and expressly specify some parties meeting the independence requirements established by legislation and regulations in force at the time. If the number of candidates meeting these requirements is equal to the minimum number established by the above-mentioned legislation, the last consecutive number of such lists cannot be assigned to an independent candidate.

Also pursuant to the provisions of Art. 13 of the By-Laws, Shareholders who plan to submit a list must file, simultaneously and jointly with each list, the following:

- i) statements in which the individual candidates accept their nomination and state that there are no grounds for their ineligibility or incompatibility, and that the requirements for the assumption of their positions are met;
- ii) a curriculum vitae of the candidates, with their personal and professional characteristics and appropriate indication of their suitability to qualify as independent;

- iii) additional information required by legal and regulatory provisions, which will be indicated in the notice of meeting.

With each list, the Company must also receive – even after the list itself is filed, but at any rate no later than 21 days before the date set for the Meeting – a certificate issued by an authorised intermediary proving the ownership of the number of shares required by current legal and regulatory provisions at the time the list is filed.

The lists presented in breach of the procedures in the above paragraphs shall be considered as not presented.

In compliance with the provisions of Art. 123-*bis*, paragraph 2, letter d-*bis*), of Legislative Decree no. 58 of 24 February 1998 (Consolidated Law on Finance - “TUF”), the Board of UnipolSai has approved a policy on diversity with regard to the composition of the corporate bodies (“Diversity Policy”), which intends to provide guidelines for putting forward the guidance which will be discussed later.

With regard in particular to the qualitative composition of the Board of Directors, the Diversity Policy establishes, among other things, that although specific legal provisions regarding gender balance are no longer applicable to the Company's Board, also in compliance with application criterion 2.C.3. of the Corporate Governance Code, at least one third of the members of said Board must belong to the less represented gender, both at the time of the appointment and during the term, with rounding up, in the case of a fractional number, to the next whole number.

In addition, it should also be noted that the Policy for the assessment of the requirements of eligibility to office, approved by the Board of UnipolSai pursuant to current regulations, provides that the assessment of the independence of a Director should take into account the annual consideration of any professional services rendered to the Company and/or subsidiaries, exceeding 5% of the annual turnover of the Company or Entity which the Director controls or of which the same is an important representative or of the Professional or Consulting Firm of which the same is a partner or shareholder or, however, exceeding the amount of €200,000.

It should be recalled that candidates for the office of Director must comply with the provisions contained in the Regulations on the “Limits on the accumulation of offices held by the directors of the Company”, adopted by the Board of Directors thereof and available on the Company's website at the address, [www.unipolsai.com](http://www.unipolsai.com) Governance section.

Shareholders who submit a “minority list” are also recipients of the recommendations issued by CONSOB with communication no. DEM/9017893 of 26 February 2009. In particular, the Shareholders who intend to submit a “minority list”, together with the list, file a declaration certifying the lack of the relationships, even if indirect, as per Art. 147-*ter*, paragraph 3, of the TUF and Art. 144-*quinquies* of CONSOB Regulation no. 11971 of 14 May 1999, as subsequently amended and supplemented (so-called Issuer Regulation), with the Shareholder holding control.

It is also recalled that if only one list or no lists are presented, or if the lists submitted do not contain a sufficient number of candidates to ensure the appointment of the minimum number of Directors established pursuant to the foregoing, the Shareholders' Meeting resolves with the majorities provided by law, disregarding the voting list mechanism, without prejudice to the foregoing regarding gender balance and the presence of a number of independent Directors at least matching that set forth by the applicable provisions of law.

Lastly, we note that, pursuant to application criterion 1.C.1, letter h), of the Corporate Governance Code, the Board of Directors, with the support of the Nomination and Corporate Governance Committee, taking into account the outcome of the annual evaluation of the size, composition and performance of the Board of Directors and its Committees ("Board Performance Evaluation"), reports its view to Shareholders on the professional profiles, deemed appropriate for the composition of the Board of Directors, prior to its nomination.

The Board of Directors in office, therefore, supported by the Nomination and Corporate Governance Committee, considering the aforementioned Diversity Policy as well as the results of the Board Performance Evaluation, has expressed its advice, enclosed with this report, on the size and the optimal composition of the Board to be appointed.

We call therefore on the Meeting to resolve on this matter, as well as to specify the gross annual fees due to the Board of Directors for the entire term of its mandate.

Bologna, 7 February 2019

The Board of Directors

Annex: Advice of the Board of Directors in office on the size and the optimal composition of the new Board.

**UNIPOLSAI ASSICURAZIONI S.p.A.  
BOARD OF DIRECTORS**

**GUIDANCE FOR SHAREHOLDERS  
ON THE SIZE AND COMPOSITION  
OF THE NEW BOARD OF DIRECTORS**

Bologna, 7 February 2019

## 1. Foreword

According to the recommendations of the Corporate Governance Code for Listed Companies (the “**Corporate Governance Code**”), at the end of its term and upon convening the Shareholders' Meeting to pass the related resolutions, the Board of Directors (also “**Board**”) expresses to the Shareholders - also taking into account the results of the annual assessment on the size, composition and operation of the Board itself and its Committees (“Board Performance Evaluation”) – its guidance on the size and optimal composition of the new Board (the “**Guidance**”).

With this recommendation, the Corporate Governance Code, in general terms, recommends that the shareholders of the issuer, at the time of the submission of the lists for the appointment of the Board of Directors, assess, also in the light of the Guidance expressed by the outgoing Board, the personal characteristics, the experience, also in a management position, and the gender of the candidates, in proportion to the size of the company, the complexity and specificity of the sector of activity in which it operates, as well as the size of the Board.

In compliance with the provisions of Art. 123-*bis*, paragraph 2, letter d-*bis*), of Legislative Decree no. 58/1998 (Consolidated Law on Finance, “**TUF**”), the Board of Directors of UnipolSai S.p.A. (also “**Company**”) approved the diversity policy with regard to the composition of corporate bodies (“**Diversity Policy**”), which intends to provide guidelines for putting forward the Guidance.

The current Board of UnipolSai has therefore drawn up this Guidance on the size and optimal composition of the new Board, to be submitted to the attention of the Shareholders, in view of the next Shareholders' Meeting.

Also for the financial year 2018, as for the two previous years, the Board of Directors has carried out an assessment on its own operation and that of its committees, as well as on the size and composition thereof (“Board Performance Evaluation”). The self-assessment was carried out over the three-year period and has had a specific focus on the areas to be seen as strengths and on those that need to be studied to allow the outgoing Board to express a synthetic opinion on the findings obtained during the year just ended and, in particular, of the full mandate of the Board and, therefore, on the evolution over the three-year period 2016-2018.

## 2. Size of the Board of Directors

According to the provisions of Art. 13 (“Board of Directors”) of the current By-Laws, the UnipolSai Board must consist of a number of members not less than 9 and not more than 19. Its current size, approved by the Shareholders' Meeting on 27 April 2016, is equal to 18 members; previously, in the 2013-2015 three-year period, the Board was comprised of 19 Directors.

The outgoing Board believes that, for the purposes of the assessment of the

quantitative composition of the Board, it is necessary to keep into account different criteria and different requirements arising from the specific characteristics of the Company, thereby seeking reconciliation.

The size of the Board of Directors must adequately support the tasks of strategic management that said Board will be called to carry out, taking into account the need to organise the delegation of the functions of analysis and propositional and advisory support to its board committees and the need to ensure the committees' adequate operation.

In this regard, in relation to the size and the management and organisational structure of the Company, the characteristics of the businesses of the various entities headed by UnipolSai are also relevant. In addition to all the insurance companies of the Unipol Group, they also include instrumental companies that are instrumental to insurance activities (including those engaging in real estate activities) as well as companies operating in diversified sectors (hotel, health and agriculture).

These characteristics lead to the adoption of a Board composition able to give an adequate contribution to the strategies to be adopted for the direction and management of the varying activity, as well as to have such a number of members as to ensure the efficient operation of the board committees, also keeping into account the need to ensure an efficient balancing of the competencies within these committees.

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*In this context - also in approval of the results of the Board Performance Evaluation and taking into account the need to diversify the skills deemed necessary, as well as the size and complexity of the business carried out directly and/or indirectly by the Company - the Board of Directors deems as adequate the current number of members of the Board, while inviting Shareholders to assess the appropriateness of a balanced reduction in the number of Directors, in any case within the high end of the range identified by the By-Laws.*

*The outgoing Board of Directors expresses this advice taking into account the positive operation dynamics noticed in the course of its mandate, believing that the composition of the new Board should at any rate guarantee the efficient and effective management of this body, make possible the in-depth study of issues and allow all members to express themselves and give their personal contribution to the development of a fruitful dialogue, also with regard to the operation of the board committees.*

### **3. Qualitative composition of the Board of Directors**

We shall start by recalling that the provisions that apply to the insurance sector set specific requirements of professionalism, integrity and independence to be met by the members of the Board, identifying also certain grounds of disqualification and incompatibility situations.

Moreover - considering holdings of UnipolSai in companies operating in the banking, financial and debt collection sectors, as required by the regulations in force from time to time and/or by respective national and/or foreign Authorities, the Board of Directors verifies the satisfaction, by its members, of the requirements necessary for the purpose of holding a stake in the capital of such companies.

Given the above, with regard to the qualitative composition of the Board of Directors, the Diversity Policy establishes that:

- the Directors are mostly non-executive, capable of providing an adequate contribution to the activity of the Board, enhancing the internal debate with competencies of a general strategic or technical nature, also accrued outside the Company, so as to be able to analyse the issues debated from different viewpoints, contributing in this way to spur the dialogue that is the necessary requirement of a collegial decision, well-considered and informed;
- in compliance CONSOB regulation no. 20249 of 28 December 2017 (“**Markets Regulation**”), as UnipolSai is a listed issuer subject to the management and coordination of another listed issuer (i.e. Unipol Gruppo S.p.A.), the Board must be comprised mostly of independent Directors, pursuant to both the TUF and the Corporate Governance Code, thereby allowing for - among other things - a heterogeneous composition of the board committees;
- although specific legal provisions regarding gender balance are no longer applicable to the Company's Board of Directors, also in compliance with application criterion 2.C.3 of the Corporate Governance Code, in any case, at least one third of the members of the Board must still belong to the less represented gender, both at the time of the appointment of the Board and during its term, with rounding up, in the case of a fractional number, to the next whole number;
- a balanced combination of different lengths of service and age ranges must be ensured within the Board of Directors, in any case, in this way endorsing the significant value that experience gained and knowledge of the activities and dynamics of the Company can make in terms of contribution to the effective functioning of the Board;
- to ensure the proper execution of their tasks and guarantee the effectiveness of the role, the Directors must be able to devote adequate time and resources to the fulfilment of their duties;
- the managerial, professional, academic and/or institutional profiles of each of the Directors, in accordance with the applicable sector regulations, must endow the Board, as a whole, with mutually complementary and differing technical skills and experience to fulfil its tasks.

Looking in more detail to the theoretic profiles of the candidates for the office of Director that would ensure an optimal qualitative composition – without prejudice, as it

was said before, to the requirements made in this respect by the current regulations that apply to UnipolSai – the Board of Directors, with the support of the Committee, also in the light of the outcome of the self-assessment carried out over the three-year period, has defined a set of competencies believed to be necessary to the Board for the proper and effective execution of its tasks.

These competencies were defined also taking into account:

- that set forth in this regard by the aforementioned national legislation applicable to the insurance sector<sup>1</sup> as well as the Fit & Proper Policy approved by the Company's Board;
- the guidelines issued by European institutions and authorities<sup>2</sup>;
- the functions assigned to the Board itself, its operation and the articulation in board committees, as well as the complexity and size of the Company, the type of activity carried out, the shareholding structure and the listing in regulated markets<sup>3</sup>;
- the best practice commonly adopted by the market.

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

- the shared opinion that the current composition of the Board of Directors of the Company, overall, offers – also on the basis of the in-depth knowledge and

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<sup>1</sup> Currently the laws and regulations for the reference sector are represented by the IVASS Regulation no. 38/2018, which - in Art. 5, paragraph 2, letter n) - establishes that “the Board as a whole must have adequate technical competencies at least on markets insurance and financial, governance systems, including staff incentive systems, financial and actuarial analysis, regulatory framework, sales strategies and company models.”

<sup>2</sup> At the EU level, Art. 273, paragraphs 2 and 3, of the delegated regulation (EU) 2015/35 of the Commission, of 10 October 2014, which integrates the directive 2009/138/EC (Solvency II), states the following:

“(…)

*2. The assessment of the competence of a person includes the assessment of his/her professional and formal qualifications, relevant knowledge and expertise in the insurance sector, in other financial sectors or in other areas of activity and keeps into account the tasks assigned to this person and, if required, of his/her competencies in the insurance, financial, accounting, actuarial and management context.*

*3. The assessment of the competence of the members of the administrative, executive or supervision body keeps into account the tasks assigned to the individual members so as to ensure an appropriate diversity of the qualifications, knowledge and expertise relevant so as to guarantee that the Company is managed and supervised professionally.”*

<sup>3</sup> In addition pursuant to the Corporate Governance Code, at least one member of the Control and Risk Committee and the Remuneration Committee must possess, respectively, adequate:

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

experience accrued by the Directors themselves in the execution of the current mandate and/or previous mandates, as well as with the participation, for those who are members, in the meetings of the board committees, and in training programmes and refresher courses (the so-called induction sessions) – the competencies believed to be necessary to its proper operation,

- satisfaction with regard to the level of diversity of the Board, in terms not only of age, gender and office seniority but also of competencies and expertise, even if there are areas for improvement, which might be improved also through the participation in new induction sessions.

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*Considering that this Board of Directors believes that, in general terms, its current structure - taking into account that the adequacy of the Company's operating guide is ensured, even in the absence of a Chief Executive Officer, by the existence of a General Manager, who has been assigned appropriate functions and powers - reflects correctly and adequately the different members (executive, non-executive, independent, gender and age/seniority in office) and the different competencies required, the Board itself believes that the professionalism and competencies that, keeping into account the outcome of the aforementioned self-assessments, also in the light of said activity of induction, must be represented within the new Board as a whole, to maintain its optimal composition, are the following, also regarding the provisions of the sector legislation as mentioned above:*

- *insurance, financial and/or real estate business;*
- *trends of the economic-financial system and sector;*
- *strategic planning;*
- *business strategies and business models;*
- *accounting information and financial and/or actuarial analysis;*
- *laws and regulations of the sector and corporate governance;*
- *internal controls and risk management;*
- *remuneration policies.*

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

*Being understood that, with regard to the independence of the Directors, pursuant to the Markets Regulation, as UnipolSai is subject to the management and coordination of Unipol Gruppo S.p.A. (Italian company with shares listed in regulated markets), the majority of the Board of Directors of the Company must consist of independent Directors, pursuant to the TUF and the Corporate Governance Code (since those who hold the office of Director in Unipol Gruppo may not be considered as independent), to identify the qualitative composition of the Board of Directors believed to be optimal, the outgoing Board, after considering the guidelines of the Corporate Governance Code, also reasserts the importance of ensuring that:*

- (i) also considering the provisions of the Corporate Governance Code, at least one third of the members of the Board of Directors belong to the least represented gender, thereby inviting in this regard Shareholders who intend to submit a list for the appointment of the Board to provide adequate information, in the documentation submitted for the filing of the list, as to whether or not it complies with the objective of gender diversity as identified above;*
- (ii) the aforementioned managerial and professional competencies are adequately represented, also keeping into account the benefits that may derive from the presence in this body of different genders and expertise, also assuring a balanced combination of different ages and office seniorities therein, assessing, on this last point, the possibility of keeping an adequate number of Directors currently in office;*
- (iii) in particular, keeping into account the laws and regulations of the sector, the Board has competencies, already available today, on internal controls and risk management, also in order to allow an adequate composition of the Control and Risk Committee;*
- (iv) non-executive Directors are able to ensure an adequate dialogue in the Board of Directors, aimed at encouraging well-informed collective decisions, through the co-existence of a plurality of general and specialist knowledge, experiences and cultures, in order to ensure the complementarity of the professional expertise and to encourage the efficient functioning of the Board of Directors and of the board committees.*

*In addition, to ensure the proper execution of their tasks and guarantee the effectiveness of the role, this Board of Directors recommends that the candidates for the office of Director be able to devote adequate time and resources to the execution of their mandate.*

The Board of Directors



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