



Shareholders' Meeting

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

UNIPOLSAI ASSICURAZIONI S.p.A.
BOARD OF DIRECTORS

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

Bologna, 10 February 2022

1. Foreword

In compliance with the recommendations of the Corporate Governance Code for listed companies (the "**Corporate Governance Code**") and the provisions of IVASS Regulation No. 38 of 3 July 2018¹ as well as the Guidelines on system of governance issued by EIOPA², the Board of Directors of UnipolSai Assicurazioni S.p.A. (also the "**Board**" or the "**Administrative Body**" and "**UnipolSai**" or the "**Company**"), with the support of the Appointments and Corporate Governance Committee, drafted its advice on the size and qualitative composition deemed optimal in view of the appointment of the new Administrative Body for the 2022-2024 three-year period (the "**Advice**") at the Company's next Ordinary Shareholders' Meeting, scheduled for 27 April 2022 (the "**Shareholders' Meeting**").

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

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

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

¹ In particular, Art. 5, Par. 2, letter z) of IVASS Regulation No. 38/2018 establishes that the Board of Directors must express "...guidelines on the professional figures whose presence in the Board is deemed appropriate and propose any corrective actions".

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

2. Size of the Board of Directors

In accordance with Art. 13 of the By-Laws in force, the Administrative Body of UnipolSai shall comprise no fewer than 9 and no more than 19 members. Its current size, as approved by the Shareholders' Meeting on 17 April 2019, is 18 members.

The outgoing Administrative Body believes that, for the purposes of the assessment of the quantitative composition of the Board, it is necessary to keep into account different criteria and different requirements arising from the specific characteristics of the Company and its areas of operation, and try to reconcile these requirements.

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

In that regard, in relation to the size, management and organisational structure of the Company, the specific role of UnipolSai as an issuer with shares listed on the Euronex Milan Market managed by Borsa Italiana S.p.A. as well as the characteristics of the business of the various entities headed by UnipolSai must be considered, which - as well as all of the other insurance companies of the Unipol Group - also include companies instrumental to the exercise of the insurance activity (including those performing real estate activity) as well as companies operating in diversified sectors (including hotels, health, agriculture and car rental).

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

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

3. Qualitative composition of the Board of Directors

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

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

- the Directors are for the most part non-executive, able to provide adequate contribution to the board activities, enhancing the internal debate with competencies of a general strategic or technical nature, even formed outside the Company, so as to be able to analyse the different issues debated from different viewpoints, thereby contributing to spurring dialogue, which is the necessary requirement of a collegial, well-considered and informed decision;
- in conformity with CONSOB Regulation No. 20249 of 28 December 2017 (the "**Market Regulation**"), as UnipolSai is a listed issuer subject to management and coordination activity by another listed issuer (*i.e.* Unipol Gruppo S.p.A.), the Board must be mainly composed of independent Directors, in accordance with both the Consolidated Law on Finance and the Corporate Governance Code, thereby facilitating - *inter alia* - a heterogeneous composition of the board committees;
- in compliance with the provisions of the Company's By-Laws and provisions of law in force on gender balance, the Board of Directors must be made up for at least two-fifths (rounded upwards) of Directors belonging to the "least represented" gender;
- a balanced composition of different levels of seniority in office and age brackets must be guaranteed within the Board of Directors, thereby sharing in any case the significant value that the experience accrued and knowledge of the activities and dynamics of the Group may bring in terms of a contribution to the effective operation of the Board;
- to ensure the proper execution of their tasks and guarantee the effectiveness of the role, the Directors are able to devote adequate time and resources to the execution of their mandate;
- the managerial and/or professional and/or academic and/or institutional profiles of each of the Directors, according to the provisions of the applicable industry regulations, are suitable to allow the Administrative Body to have, as a whole, technical skills and experiences that are different and complementary to each other, in order to fulfil its tasks.

In this regard, please recall that UnipolSai is subject to the provisions of Art. 76 of Italian Legislative Decree No. 209 of 7 September 2005 (Private Insurance Code, the "**CAP**") on the requirements of professionalism, integrity and independence as well as situations

of ineligibility and incompatibility established for parties carrying out administration, management and control functions at insurance companies; the Board checks that such requirements are met, also taking into account the Policy on fitness for office approved by the Administrative Body (the "**Fit&Proper Policy**").

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

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

- what is stated in that regard by the cited national legislation applicable to the insurance sector³, according to the principle of proportionality⁴, taking account of the Fit&Proper Policy;
- to the indications issued by the European institutions and authorities⁵;
- the functions assigned to the Board, its operation and the establishment of Committees within the Board, as well as the complexity and size of the Company, the type of activity carried out and its listing in regulated markets⁶;

³ At present, the reference sector regulations are provided by, as noted above, IVASS Regulation No. 38/2018, which - at Art. 5, Par. 2, letter n) - provides that "*the administrative body is, as a whole, in possession of adequate technical competences at least with respect to insurance and financial markets, governance systems including personnel incentivising systems, financial and actuarial analysis, regulatory framework, commercial strategies and business models.*"

⁴ Pursuant to Art. 30 of the Private Insurance Code: "*1. The company shall adopt an effective corporate governance system that allows a sound and prudent management of the activity. The system of governance is proportional to the nature, size and complexity of the activity of the Company.*"

⁵ At EU level, Art. 273, Pars. 2 and 3 of Commission Delegated Regulation (EU) 2015/35, of 10 October 2014, supplementing Directive 2009/138/EC (Solvency II), states the following:

"(...)

2. *The assessment of whether a person is fit shall include an assessment of the person's professional and formal qualifications, knowledge and relevant experience within the insurance sector, other financial sectors or other businesses and shall take into account the respective duties allocated to that person and, where relevant, the insurance, financial, accounting, actuarial and management skills of the person.*
3. *The assessment of whether members of the administrative, management or supervisory body are fit shall take account of the respective duties allocated to individual members to ensure appropriate diversity of qualifications, knowledge and relevant experience to ensure that the undertaking is managed and overseen in a professional manner.*"

⁶ In addition, pursuant to the Corporate Governance Code, at least one member of the Control and Risk Committee and the Remuneration Committee must be in possession, respectively, of adequate:

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

- to the best practices in place on the market.

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

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

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

This being said, the Board moreover recommends that, taking into account the result of the Board Performance Evaluation, also in light of the aforementioned induction activities, as well as what is set forth by the sector regulations referred to above, the professionalism and competencies represented within the new Administrative Body as a whole, in order to maintain its optimal composition, should fall within the following areas:

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

To ensure an adequate dialogue within the Administrative Body and allow it to take increasingly well-informed decisions, as well as to assign to the Directors different tasks

within the Board of Directors and its internal Committees, the outgoing Board also believes it is desirable, in compliance with the guidelines of the provisions for the sector, to have, within the Administrative Body, a plurality of competencies, experiences and cultures, general and specialised, since the simultaneous presence of diversified competencies and experiences ensures the complementarity of the professional profiles and encourages said dialogue and the efficient operation of the Board and the Committees.

Without prejudice to the fact that, with regard to the independence of the Directors, pursuant to the Market Regulation, as the Company is subject to the management and coordination of Unipol Gruppo S.p.A. (an Italian company with shares listed in regulated markets), the Company's Board of Directors must in any event consist of a majority of independent Directors, pursuant to the Consolidated Law on Finance as well as the Corporate Governance Code (with those holding the position of Director of Unipol Gruppo not being considered independent), please note that the Fit&Proper Policy has pre-defined the quantitative and qualitative criteria for evaluating the significance of certain circumstances - particularly those pursuant to letters c) and d) of Recommendation 7 of the Corporate Governance Code - which compromise, or appear to compromise the independence of a Director. Such criteria will be specifically summarised in the report of the Directors for the Shareholders' Meeting, which will be published within the terms established by regulations in force.

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

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

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

resources to the performance of their duties.

Lastly, this Board of Directors recommends to those submitting a list containing a number of candidates exceeding half of the members to be elected, to provide adequate disclosure concerning the list's compliance with the Advice, also with reference to the criteria set forth in the Diversity Policy, and to indicate their candidate for the position of Chairman of the Board of Directors, formulating, if applicable, a dedicated resolution proposal to be submitted to the Shareholders' Meeting.

The Board of Directors

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Share capital
€ 2,031,456,338.00 fully paid-up
Bologna Register of Companies
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R.E.A. No. 511469

A company subject
to management and coordination
by Unipol Gruppo S.p.A.,
entered in Section I of the Insurance
and Reinsurance Companies List
at No. 1.00006
and a member of the
Unipol Insurance Group,
entered in the Register of
the parent companies – No. 046

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