UnipolSai
ASSICURAZIONI

2020
Sustainability Report

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UnipolSai Assicurazioni

Sustainability Report

2020

CONTENTS

KEY INDICATORS 3
PROCEDURAL NOTE 4
- Overall summary of the Reports 4
- Basis of reporting 4
- Document structure 4
- Data processing procedure and methods 4

IDENTITY AND STRATEGY 5
- The Group's identity 5
- "Mission Evolve": the 2019-2021 strategies 6
- Shared value and sustainable development in the 2019-2021 Strategic Plan 6
- The Unipol Group's climate strategy 7
- Stakeholder engagement tools and processes 10
- The material topics 11
- Our Sustainability Process 13
- Managing reputation 14

GOVERNANCE 15
- The Corporate Governance system 15
- Relations with Shareholders 17
- The internal control and risk management system 18
- Sustainability governance and monitoring of environmental, social and corporate governance risks 20
- Integrity in doing business 23
- The Organisation and Management Model, pursuant to Italian Legislative Decree 231/2001 23
- Combating corruption 24
- Anti-money laundering and anti-terrorism measures 25
- Responsible data management 26
- The protection of fair competition 27
- Sanctions 28
- Tax management 28
- Responsible Lobbying 30
- Human Rights 32
- Remuneration policies 33

FINANCIAL PERFORMANCE 35
- Profitability of the UnipolSai Group's activities 35

UNIPOLSAI AND PROTECTION 38

Customers 38
- Integration of ESG factors into insurance activities 40
- Solutions of shared value 40
- The impacts of climate change on the insurance business 45
- Technology to support protection 46
- Customer relations 48
- Satisfaction monitoring 51
- Anti-fraud measures 52
- Complaints management 53

The Distribution Network 54
- The geographical presence of the distribution network 54
- Relations with the Network 55

UNIPOLSAI AND INVESTMENTS 59
- Investment policies 59
- The impact on the climate of the investment portfolio 63
- The investment choices for the SDGs and combating climate change 65
- Relations with investors and analysts 67
- Real estate portfolio 67
- The development sectors 68

UNIPOLSAI AND EMPLOYMENT 70
- Employees 70
- Involvement and corporate environment 72
- Training, development and enhancement of employees 73
- The promotion of equal opportunities 75
- Employees' health and safety 77
- Management of the COVID-19 health emergency 79
- The welfare system 80
- Sustainable mobility 83
- Industrial relations 84

UNIPOLSAI AND SOCIETY 85

Suppliers 85
- Supply chain management 86

The Community 89

The monitoring of environmental impacts 93
- Direct impacts 93
- Indirect impacts 96
- Stakeholder engagement on topics connected with climate change 98
- Advocacy and research activities on matters linked to climate change and the protection of biodiversity 98

KEY INDICATORS

		UnipolSai Group	
Area	**Indicators**	**2020**	**2019**
Governance	Percentage of independent BoD members according to Consolidated Law on Finance and the Code of Conduct	59%	65%
	Percentage of women on BoD	29%	35%
Financial Performance	Direct insurance premiums (€m)	12,210	14,014
	Non-Life premiums (€m)	7,882	8,167
	Life premiums (€m)	4,328	5,847
	Loss ratio - net of reinsurance (Ratio between claims and premiums in direct business)	58.8%	66.3%
	Combined ratio net of reinsurance	87.8%	94.2%
	Consolidated net profit (€m)	853	655
	Value of real estate assets (€bn)	3.9	3.8
Protection of customers	Number of customers and policyholders (m)	16.7	16.1
	Number of customers - individuals (m)	15.8	15.2
	Number of customers - legal entities (m)	0.9	0.9
	Claims settlement rate for the current year (MV Segment UnipolSai Assicurazioni)	81.5%	82.3%
	Amount of products with social and environmental value (€m)	2,478	2,416
	Customer Satisfaction Index (CSI) MV sector UnipolSai vs Market standard	83 (UnipolSai) vs 78 (mercato)	94.2 (UnipolSai) vs 93.7 (mkt std)
	Percentage of claims channelled with direct repair services (Auto Presto&Bene)	35.7%	35%
	Impact of fines paid to IVASS on the total Non-Life premiums	0.0009%	0.005%
Distribution Network	Number of agencies	2,532	2,610
	Number of sub-agencies	5,401	5,585
	Number of bancassurance branches	5,362	5,547
	Primary network agency partners in Italy	32,310	31,978
	Direct investment in Unipol Group Academy for network training (€m)	1.7	3.3
	Total number of training hours supplied by the Academy	891,760	1,125,813
Investments	Amount of class C, D debt instruments and equity securities and assets subject to environmental and social monitoring (€bn)	52.9	50.8
	Percentage of assets deemed sustainable following monitoring	98.0%	98.6%
	Total thematic and impact investments (€m)	609.4	385.3
Employment	Total number of employees	11,770	12,274
	Permanent staff	96.4%	95.7%
	Percentage of women	54.1%	53.9%
	Percentage of women employees in a position of responsibility	27.6%	26.9%
Suppliers	Total number of suppliers	8,500	4,700
	Percentage of expenditure on suppliers in the register	18.3%	38%
	Percentage of amount paid to Italian suppliers	98.5%	98%
Community	Total amount of contributions to the community (€m)	28.3	9.4
	Contributions to the community as a percentage of pre-tax profit	2.5%	1.1%
Environmental Performance	CO_2 Emissions - Scope 1 (tons)*	8,395	9,980
	CO_2 Emissions - Scope 2 (tons)* location based	29,434	38,668
	CO_2 Emissions - Scope 2 (tons)* market based	9,148	Not available
	CO_2 Emissions per employee (tons) – location based	3,20	3,94

* The scope of interest compared to the 2019 reporting period was expanded further, to include the foreign offices of Unipol Re DAC and the operating sites of Unipol Rental, acquired by UnipolSai during the second half of 2019.

PROCEDURAL NOTE

Overall summary of the Reports

By measuring the results obtained in relation to the commitments assumed in the material topics regarding the protection of customers, the development of employees and the attention paid to the reference community and, more generally, to society, the Sustainability Report extensively and transparently describes the role and responsibilities of the UnipolSai Group to all of its stakeholders.

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

To draft the 2020 Financial Statements, the "Sustainability Reporting Standards" issued in 2016 by the Global Reporting Initiative (GRI) - and its subsequent amendments and supplements - were used as a methodological reference. In addition, several indicators of the Financial Services Sector Disclosure belonging to the GRI G4 guidelines were also reported on, with a "GRI Referenced" approach.
The 2020 Financial Statements are characterised by reporting on the actions and impacts concerning the consequences of the Covid-19 pandemic. In this regard, a disclosure is provided concerning the effects on the relationship with the various stakeholders and the management and measures taken by the Unipol Group to handle the emergency.

Basis of reporting

The UnipolSai Group Sustainability Report is drawn up every year in keeping with a time schedule aligned with that of the Consolidated Financial Statements. This reporting period is 1 January to 31 December 2020. In addition, certain information has been added concerning events after the reporting date, where significant and available.
The reporting scope includes the fully consolidated companies in the Group's Consolidated Financial Statements at 31 December 2020. Exceptions to the scope are duly described in the relevant sections of the document: for certain data, it was deemed that the scope of companies operating in Italy or those in the core financial-insurance sector was most significant, with this indicated specifically. In order to make it easier to understand the Group's performance, the information is accompanied by a comparison with the previous year where significant.
In some cases, in relation to specific, limited fields and for reasons associated with information availability and Financial Statements reporting dates, the figures shown are the result of estimates adopted on the basis of values recorded in previous years.

Document structure

The Sustainability Report begins with a description of the Group's identity, the strategies defined for the 2019-2021 three-year period through the "Mission Evolve – *Always one step ahead*" Strategic Plan and the material topics. The "Governance" chapter contains the fundamental aspects of corporate governance and of the systems for monitoring and supervising so-called "ESG" (*Environmental, Social and Governance*) factors.
With reference to the topics considered priority following the materiality analysis, the Group's performances were reported by taking account of the various "roles" that UnipolSai plays in the conducting of its activities: insurance company, key player in the financial sector, employer, social agent.

Data processing procedure and methods

The data collection and drafting of the document is coordinated by the Sustainability Function and involves all corporate Departments and Group companies, with the support of an inter-functional working group that has been operational for some years now and is kept constantly involved.
The data necessary for compiling the performance indicators and drafting the document is collected through a dedicated information system which makes it possible to guarantee the robustness and full traceability of the data collection and consolidation process; over 160 people (data sources and approvers), from all the Group's corporate Departments, were involved through the system, each according to his or her role and competences.
The content of the Report is supplemented throughout the year with additional information published in the "Sustainability" section of the www.unipol.it website.
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IDENTITY AND STRATEGY

The Group's identity

The **UnipolSai Group** operates in four sectors (insurance, real estate, hotels and "diversified"); a national leader in Non-Life insurance, it is able to offer customised and innovative solutions to everyday needs and the long-term plans of households and companies alike, thanks to its proximity to the customer and its widespread professional agency network.
UnipolSai Insurance, parent company of the UnipolSai Group, is a subsidiary of Unipol Gruppo S.p.A. and, like the latter, is listed on the MTA market of the Italian Stock Exchange. The investees operate in the following business activities.

Insurance

The Group offers the market the entire range of risk cover solutions: in mobility (vehicles, sportscraft and travel), for the home and condominiums, for work (products dedicated to businesses, traders, professionals and legal protection), for personal protection (particularly accident and health protection policies), and for investments and welfare. **UnipolSai Assicurazioni SpA** is the main Insurance Company, supported by specialist companies: **UniSalute**, specialising in the Health segment; **Linear**, a company specialising in direct sales, online and via call centres, of MV products; **SIAT**, operating in the Transport business, with corporate customers primarily reached through brokers.
Outside Italy, the Group operates in Serbia, through the subsidiary **DDOR Novi Sad** and the dedicated captive reinsurance company **Ddor Re**, and in Ireland with **UnipolRe**, a professional reinsurance company with AM Best A- rating, which provides reinsurance services to insurance businesses and groups in the EMEA region.

Bancassurance

The Group is active in the bancassurance channel through agreements with the BPER Banca Group and Banca Popolare di Sondrio for the distribution of **Arca Assicurazioni** and **Arca Vita** products, with Banca Intermobiliare for the sale of **BIM Vita** products and with the UniCredit Group which markets Fire and Credit Protection products in the Non-Life business and products with **Incontra Assicurazioni** healthcare coverage.

Rela Estate and Other Businesses

The Group is one of the leading real estate operators in Italy in terms of assets and is also active in the following sectors:

- hospitality through **UNA Group**, with assets consisting of 38 facilities (hotels, residences and resorts), of which 32 managed directly or under management and 6 affiliates with franchising agreements in some of the main cities and most renowned tourist destinations in Italy;
- agricultural through **Tenute del Cerro**, owner of around 4,300 hectares of land in Tuscany and Umbria, of which 300 hectares of vineyards among the most sought-after for high quality wine production;
- healthcare through the **Villa Donatello and Centro Florence care homes** and the **Dyadea multi-specialist centres**;
- harbour facilities through **Marina di Loano**, centrally located in western Liguria and able to moor over 900 craft with lengths from 6 to 80 metres.

Through **UnipolSai Investimenti SGR**, the Unipol Group manages real estate investment funds.

Commercial Services and New Projects

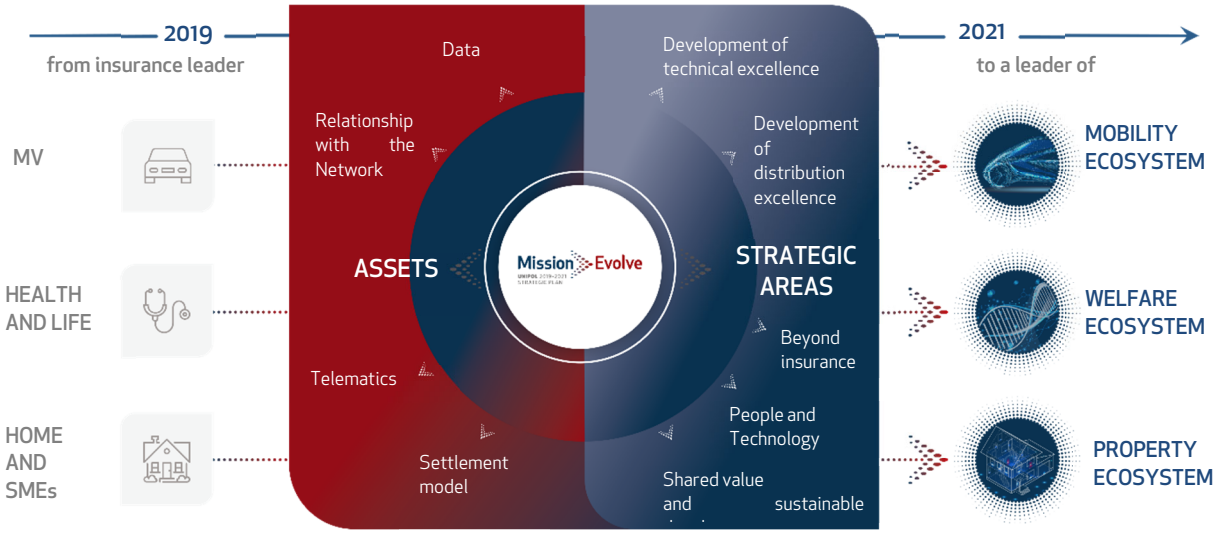
The Group has developed commercial initiatives to support insurance activities in the mobility ecosystem, as regards vehicle and glass repairs, black box management and long-term vehicle rental.
The service companies instrumental to the insurance business characterise and make Unipol's insurance offer distinctive with the direct and integrated governance of service processes:

- **Auto Presto&Bene,** a network of repair shops located throughout the country and offering MV policyholders certified repairs with no cash advance;
- **APB Car Service (MyGlass)**, for glass repair and replacement services;
- **Unipol Rental** for the management of company fleets and long-term car rental;
- **Cambiomarcia**, owner of a platform for used car sales;
- **AlfaEvolutionTechnology**, the telematics provider of UnipolSai and other Group companies.

Leithà is the company specifically dedicated to innovation.
Unipolis is the business foundation of the Unipol Group, of which it is one of the most important tools for implementing social responsibility initiatives, within the framework of the more comprehensive sustainability strategy.

"Mission Evolve": the 2019-2021 strategies

The 2019-2021 Strategic Plan - "Mission Evolve - Always one step ahead", broken down across the five strategic areas illustrated below, envisages an evolution of the Unipol Group from insurance leader to mobility, welfare and property ecosystems leader.



Among the actions planned, several were implemented in 2020 that strengthen the three ecosystems.
As regards Mobility:

- the long-term rental company, Car Server, acquired at the end of 2019, was re-branded to become UnipolRental and developed the new Business Plan with the aim of becoming leader in the long-term rental sector for the retail target and the point of reference in the corporate segment for companies that are already UnipolSai customers;
- the Group acquired Cambiomarcia, a company specialising in used car sales, and work has begun for its integration into the reference ecosystem;
- the payment services in mobility solution was launched, allowing vehicle tax or fine payments integrated with PagoPA and the booking and payment of parking at approved facilities.

The Welfare ecosystem was enhanced by the COVID-19 Telemedicine Service, operating 24/7 free of charge and targeting all holders of health insurance policies with one of the Group companies, and the Specialist Telemedicine Service, which guarantees direct discussion with the specialist in all cases where physical contact is not necessary. Alongside the Group medical centres, that have adopted the DYADEA brand, a new surgical diagnostics centre has been opened under the same name.

In relation to Property, the Group has launched an initiative to purchase the "110% Superbonus" tax credit subsidising property renovations, offered alongside insurance coverage of the property undergoing the works and the works execution phase. Over 900 Agencies have been authorised to sell electricity and gas supply contracts.

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

The 2019-2021 Plan includes within its strategic objectives the creation of shared value and the contribution to sustainable development, beginning from the conviction that the opportunities and well-being of the customers and people who interact with Unipol are necessary conditions for the capacity to develop in the market and the Group's sustainable success. In the strategic planning phase, the Group identified the SDGs for which a priority commitment was required to contribute to their achievement: Goal 3 "Good health and well-being", Goal 8 "Decent work and economic growth" and Goal 11 "Sustainable cities and communities".
Among the most important action areas in this respect are:

- the development of predictive climate risk models for companies, to boost the resilience of the various sectors and support adaptation to climate change; 2020 saw the launch of the Life ADA project targeting the agricultural sector;
- the development of market offers that promote sustainable development models through the innovative use of the IoT, with a particular focus on urban areas, to improve the sustainability of cities; during the year, various studies and experiments were carried out to understand and facilitate the changes and new habits brought about by the pandemic;

- the definition of accessible integration solutions for public welfare, extending protection to the broader public and supporting prevention, with a view to expanding and qualifying the welfare offer; in a critical period like 2020, the numerous initiatives undertaken in this area involved significant protective action to partner a public sector under enormous pressure.

Further details of the projects mentioned are provided in the section "UnipolSai and Protection".

The Unipol Group's climate strategy

In its position paper "Unipol for the climate", published in 2015, the Unipol Group stated its vision for the respective roles to be undertaken by public entities and insurance companies to manage the growing risks from climate change and to meet the expensive compensations necessary, proposing a model for the prevention and management of catastrophic weather events based on a public/private collaboration, which adopts insurance mutuality mechanisms. This vision was based in particular on the analysis conducted in the position paper, starting from the scenarios outlined by the IPCC and studies carried out by the European Environment Agency on the expected impacts of climate change in Italy, the main market for Unipol Group business.
In the Sustainability Policy, approved by the Board of Directors, the company commits to protecting the environment and land, sea and freshwater ecosystems, as well as combating climate change, which represent one of the main risks to which its activities are exposed. This commitment was broken down into the different Group policies so as to specify guidelines for the main areas of action:

- **insurance products and services**: Unipol undertakes to promote the adoption of sustainable practices (especially the prevention and management of climate change-related risks), particularly by SMEs, and to make its skills available to entities of different natures to increase the country's resilience to climate-related phenomena. For underwriting activities, the Group plans to **decarbonise the customer portfolio.** Underwriting policies for the Non-Life and Life Businesses exclude from the underwriting activities companies that derive a significant part of their earnings from coal mining activities and companies that adopt unconventional mining practices;
- **investment activities**: the Group supports the transition to a low-carbon economy through responsible investments and engagement activities with investees that have a significant climate impact. The Investment policy includes the a priori exclusion from new investments of those Corporate Issuers that obtain 30% and more of their earnings from coal mining activities or the generation of electricity from thermal coal, and that do not show a sufficiently ambitious position in terms of transitioning their business to a low carbon regime. In order to achieve climate neutrality in its portfolio, Unipol has planned for a periodic reduction of the admissible earning ceiling dependent on thermal coal by the investee Corporate Issuers, and expects to **complete disinvestment in coal by 2030;**
- **real estate**: the Group has set itself the goal **of decarbonising its real estate investment portfolio**. To this end, it manages its real estate assets, including properties managed used for its core business activities and those not used in such activities, by planning and taking actions that result in the continued improvement of performance until high environmental quality standards are achieved.

In keeping with previous strategic plans, the risks and opportunities linked to climate change have been integrated within the **2019-2021 Strategic Plan**, which contains objectives linked to the **mitigation** of and **adaptation** to climate change in relation to the Group's three macro-areas of action:

- **insurance products and services**: the development is planned of innovative risk mitigation techniques (with the innovative protection of the income statement from frequent, medium-scale natural events, including through recourse to the capital market), the development of predictive models for climate risk aimed at companies, to increase the resilience of various sectors and boost the penetration of products with environmental and social value (including those which contribute to the fight against climate change) in the insurance portfolio to 30% by the end of 2021;
- **investment activities**: the Plan calls for an increase in the amount of thematic investments for SDGs, including those linked to the mitigation of and adaptation to climate change (objective of €600m invested to support the 2030 Agenda in 2021);
- **real estate**: the Three-year plan calls for a 7% reduction in the average production of CO_2 per employee for all Group companies by 2021.

The specific objectives of the "Shared value and sustainable development" strategic guideline of the 2019-2021 Mission Evolve Strategic Plan and the activities that contribute to achieving them and their trends are described in the following chapters.

THE GOALS IN 2021	DESCRIPTION OF THE GOAL	FIGURE AT 31/12/2020	2021 TARGET	SDG
IMPACT OF PRODUCTS WITH ENVIRONMENTAL AND SOCIAL VALUE	**Increased penetration for products with a social and environmental impact in the overall** insurance portfolio.	25.9%	30%	8 DECENT WORK AND ECONOMIC GROWTH; 11 SUSTAINABLE CITIES AND COMMUNITIES
PENETRATION AMONG CITIZENS OF WELFARE COVER	**Percentage** of the Italian population with **Vita&Salute cover** from the Group.	13.0%	12.0%	3 GOOD HEALTH AND WELL-BEING
FINANCE FOR SDGs	**Increase in the amount of thematic investments for SDGs.** *Investments to support the 2030 Agenda, in accordance with the European criteria for sustainable finance.*	€ 609.4 mln	€ 600 mln	11 SUSTAINABLE CITIES AND COMMUNITIES
RATE OF MONITORING OF POINTS OF CONTACT WITH THE CUSTOMER	**Monitoring of the quality of the relationship** during the moments of contact with the Group throughout the customer journey. *Percentage of customer journey events monitored*	71%	75%	8 DECENT WORK AND ECONOMIC GROWTH
CO2 EMISSIONS/ EMPLOYEE	**Average production of CO2 per employee** for all Group companies.	-27.8%*	-7%	13 CLIMATE ACTION
REPUTATION INDEX	**Public perception of the company.** *Reputation score among the general public, according to the RepTrak® Model.*	Unipol 73.6 Ins. Sect. 67.3	> Insurance sector average	11 SUSTAINABLE CITIES AND COMMUNITIES

For more details, refer to the page dedicated to the 2019-2021 Strategic Plan on the Unipol Group website.

* change attributable to the gradual closure of all operating offices following the deterioration of the Covid-19 health emergency and the resulting reduction of Scope 1 and Scope 2 emissions subject to calculation. This reduction is partially offset by Scope 3 emissions attributable to the work performed by employees at home, as described in the Chapter "Oversight of environmental impacts".

Impact of the 2019-2021 strategies on the country

The Unipol Group has decided to measure the **economic value of its non-financial impacts**; it has therefore identified certain areas in which its strategy, oriented towards sustainability and the creation of shared value, generates positive social/economic/environmental impacts, and has defined (in collaboration with The European House-Ambrosetti) a model which calculates the value generated by such impacts in economic terms. This assessment was not only performed with a view to the past; the data relating to the year 2018 were used as a basis to plan the value that the Group will generate with the 2019-2021 Strategic Plan activities. The non-financial impacts were not only measured on an actual basis, but they became subject to the specific objectives of the 2019-2021 Strategic Plan, within the "Shared value and sustainable development" strategic guideline.
Alongside the figure relating to the total economic amount (reference https://www.unipol.it/it/creare-valore-condiviso), a composite index has been defined to measure the shared value which makes it possible to assign a balanced weight to the various activities that generate positive social/economic/environmental impacts, not considering only the resulting monetary dimension.

At the end of 2019 (the 2020 results will be available at the end of June 2021), and within the financial realm, the Group estimated the value created by "sustainable" security investment decisions: the €13.9bn invested by Unipol in eligible non-governmental securities[1] resulted in the creation of environmental, social and intellectual value of €418m.

In terms of settlement, the value created by the greater speed in settling an MV TPL claim and a General TPL claim by Unipol with respect to civil proceedings has generated resources totalling €63.5m.

From the relationship with agents, adjusters and suppliers, the direct, indirect and downstream impact of fees, compensation and purchases was €8,400m.

Non-compulsory training, which involved 63% of the roughly 11k Italian employees of the UnipolSai Assicurazioni Group, generated €5.8m in terms of the increase in the capacity to create value, understood as greater productivity for the entire staff, and the increase in the value of human capital, in terms of the greater market value of the professionals trained. The same approach was used to calculate the impact of training for the Network, which reached 27,600 people (equal to 85% of the total), generating value of €42m.

On environmental impacts, recourse to electricity generated by renewable sources and the consumption reduction policy allowed for lower social costs quantifiable at €1.8m compared to €2.7m in 2018.

From contributions to the community, the direct, indirect and downstream impact was €24.4m.

The study also highlighted how the Group's remuneration policies have resulted in a narrower gender pay gap than the national average, making it possible to create value added from total women's salaries of €5.2m.

As a result of the activities laid out in the 2019-2021 Strategic Plan, the Unipol system will be capable of creating total economic value distributed to stakeholders equal to €24bn.

[1] According to the Unipol Group's investment policies, a security is eligible when it is issued by a party (public or private) that respects environmental, social and governance criteria (ESG), defined by using the principles developed by major international bodies (UN Global Compact, UN PRI) as inspiration; securities are evaluated by an independent company specialised in the assignment of ESG ratings and the construction of sustainability indexes. The UnipolSai and Investments section provides details about the methodology which was adopted. The analysis quantifies a benefit in economic terms deriving from the costs of negative externalities avoided in the environmental, social and cognitive area; the benefit is generated against the Group's decision to invest in securities issued by a company considered eligible according to the model set forth above, rather than one considered not eligible.

Stakeholder engagement tools and processes

Stakeholder engagement activities are distinguished between those characterised by annual and/or continuous frequency throughout the year and those organised at the time of the development of the 2019-2021 Strategic Plan "Mission: Evolve", aiming to identify the most central topics in non-financial reporting for the three years of the Plan.

LISTENING/ENGAGEMENT

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

Key: Inclusion Listening

The material topics

In the Unipol Group vision, the **materiality analysis** is strictly linked to the **strategic planning** process. Along with the development of the 2019-2021 Strategic Plan, a new analysis was therefore performed, with the aim of highlighting the effectively material corporate, social and environmental topics so as to understand how the Group acts and what are the main impacts it generates on its operating context, the results of which underlie the non-financial reporting for the three-year period of the Plan.
The **sustainability topics of importance to the sector and the business** are identified from the macro trends identified by the **Reputational & Emerging Risk Observatory** and assessed from internal and external perspectives.
The assessment of themes of relevance for the company - which identified priorities in relation to the internal dimension - was conducted in consideration of the corporate model, the strategy and the main risks, as well as the impacts of corporate activities. In order to assess this area, documentary sources were used, such as the Strategic Plan and the study produced by The European House – Ambrosetti on the non-financial impacts generated by the Group. In addition, the Managers of the Key Functions and the Top Management were consulted. The results were validated by the Chief Executive Officer and Group CEO.
As regards relevance for stakeholders, the order of priority of the topics was defined through a set of activities aimed at taking into consideration:

- the interests and expectations of the parties concerned, with a detailed listening process which involved corporate and retail customers, employees and agents, the representatives of the organisations constituting the Unipol Regional Councils, suppliers and opinion leaders;
- main sector issues, public policies and regulatory stimuli, with analysis and assessment of numerous contributions from the European Commission, EIOPA and other authoritative sector and cross-sector bodies were analysed and evaluated.

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

The topics positioned in the upper right quadrant of the matrix, which represent fundamental work areas through which the Group intends to contribute to reaching the three Sustainable Development Goals identified by the Strategic Plan, will be discussed at length.
With particular reference to the "**Measures for adapting to and mitigating climate change**" material topic, in order to define the areas of impact for which reports are necessary, the Group took as reference points both the TCFD Recommendations and the European Commission Guidelines on reporting climate-related information, which explain the expectations of stakeholders with regard to the insurance sector. Therefore, both financially significant aspects as well as environmentally and socially significant aspects ("**dual materiality**") were included in summary form in the Annual Integrated Report.

The priorities defined through the matrix, within the context of the health emergency taking place in 2020 which reaffirmed in a new and dramatic manner the fragile balance between health, the environment and prosperity, were subject to a detailed assessment with respect to updating opportunities. Based on experience gained in recent months and the documented analysis on the effects of the pandemic provided by influential global and sector bodies, the Group assessed the priorities defined through the matrix to be unchanged overall, whilst **the pandemic had acted as an accelerator in certain instances** (for example, the need to identify solutions offering remote healthcare information and support, or the need to strengthen the protection of IT systems from external attacks and, together, the protection of employee privacy as homeworking became more common). The Group's efforts are oriented towards providing the market and investors with information on how impacts will be reflected on ESG performance and providing a clear and complete disclosure commenting on performance trends, explaining potential performance once the emergency is over.

In addition to listening concerning updating of the materiality analysis, the Group constantly carries out direct stakeholder engagements. Meetings and dialogue with stakeholders are structural elements of the Group's 'modus operandi', in order to understand and respond to needs effectively, improve its service capacity, and guarantee accessibility and transparency in its actions. Listening activities and continuous, structured relationships engage customers, employees, agents, business partners, investors, institutions and the community.

Please refer to the "Stakeholder Engagement and Management" section of the Unipol Group web site for a detailed description of the stakeholder engagement activities and the definition of material topics.

CONNECTION BETWEEN MATERIAL TOPICS, MACRO TRENDS AND SDGs

SOCIAL

- Sharing Economy
- Hybrid consumer
- Instability and polarisation
- Human Society
- Well-being
- New skills
- Intangibles

TECHNOLOGICAL

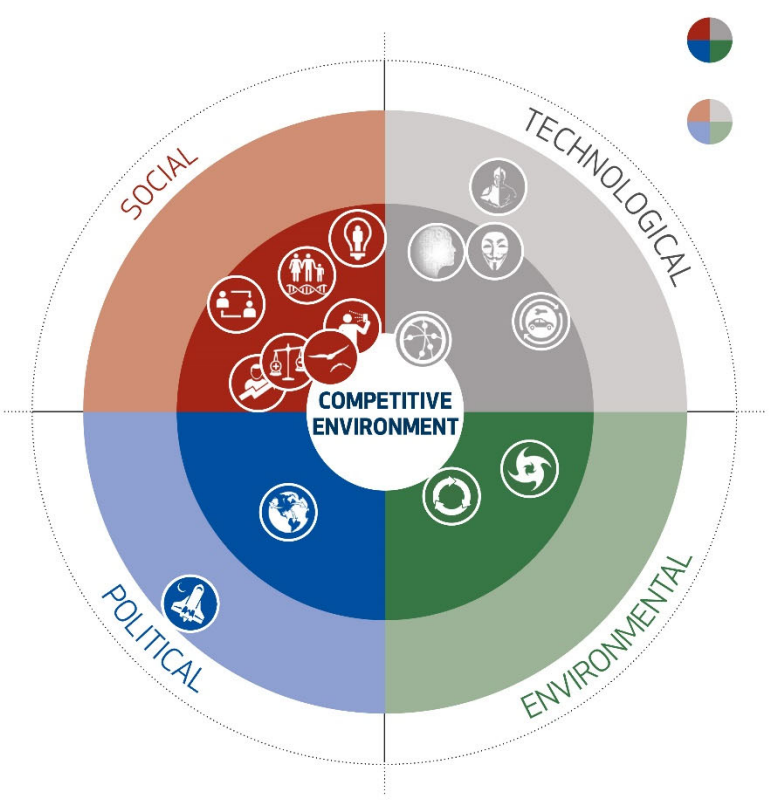
- Internet of Everything
- New Mobility
- Artificial Intelligence and Robotics
- Dark Side of
- Augmented man - Cyborg

ENVIRONMENTAL

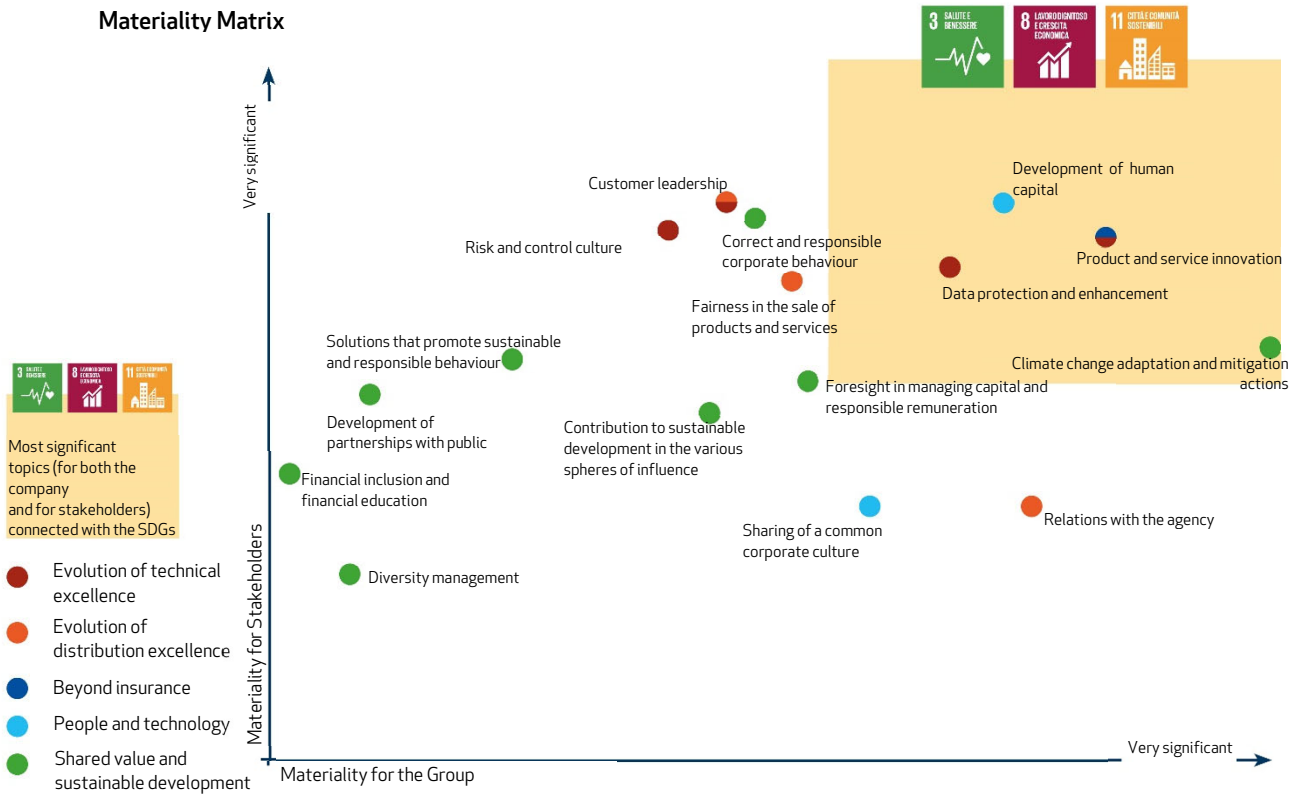
- Climate Change
- Circular Economy

POLITICAL

- New frontiers
- Space Economy



Materiality Matrix



Our Sustainability Process

2020 sees the addition of a stage to the long process, launched in 1993, which includes actions, tools and commitments that have defined the Group's Sustainability model over time. All the areas of intervention of the Sustainability strategy are based on the Vision and the Mission.

2020

Publication of the first TCFD Task Force on Climate-related Financial Disclosures report.
Issue of the first green bond.
Adhesion to the European Alliance for Green Recovery

2019

Approval of the 2019-2021 integrated Business Plan.
Integration of ESG risks into the Life/Non-Life Underwriting Policies, the Investment Policy and the Outsourcing and Supplier Selection Policy.

2018

Adherence to the Global Compact.
Inclusion of the UnipolSai share on the MSCI ESG Index.
Adoption of the Sustainability Policy.

2017

Adherence to the *Principles for Responsible Investment* (PRI).
Inclusion of the UnipolSai security on the FTSE4Good Index.
Publication of the first Integrated Report of Unipol Gruppo.

2016

Approval of the 2016-2018 integrated Business Plan.

2015

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

2010

Approval of the three-year Sustainability Plan at the same time as the 2010-2012 Business Plan.

2009

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

2008

Approval of the Charter of Values.

1993

Publication of the first Unipol Assicurazioni Social Report.

Managing reputation

The trust built over time by the Unipol Group is considered a fundamental asset to continue to successfully evolve within an insurance business in which trust constitutes the foundation of development possibilities.
Unipol launched its Reputation Management programme in 2014, gradually structuring its internal oversights until the formalisation (at the beginning of January 2020) of an **integrated governance model**, which clearly identifies the processes to implement and the parties involved, with the objective of ensuring even more effective management of the Group's reputation and of reputational risk.
In particular, two dedicated bodies have been established:

- **The Reputation Network**, consisting of managers of the corporate areas overseeing Group relationships with all internal and external stakeholders, which has the task of guaranteeing the proactive management of reputation and reputational risk, contributing to developing the reputational culture within the Group, and reputational index accountability, included within the company's incentive system (see "Remuneration system and incentives" section);
- **the** Reputation Management Operating Team, composed of the "Media Relations, Corporate Reputation and Digital PR" and "Emerging and Reputational Risk" functions, which coordinates the Reputation Management activities of the Unipol Group (including as regards the impact of ESG factors on reputation (see the "Monitoring social, environmental and governance risks" paragraph).

The proactive management of reputational risk hinges on the prompt reporting of any signs of risk linked to the company's values and core business, which can find space in the media, including social media, or within day-to-day operations.

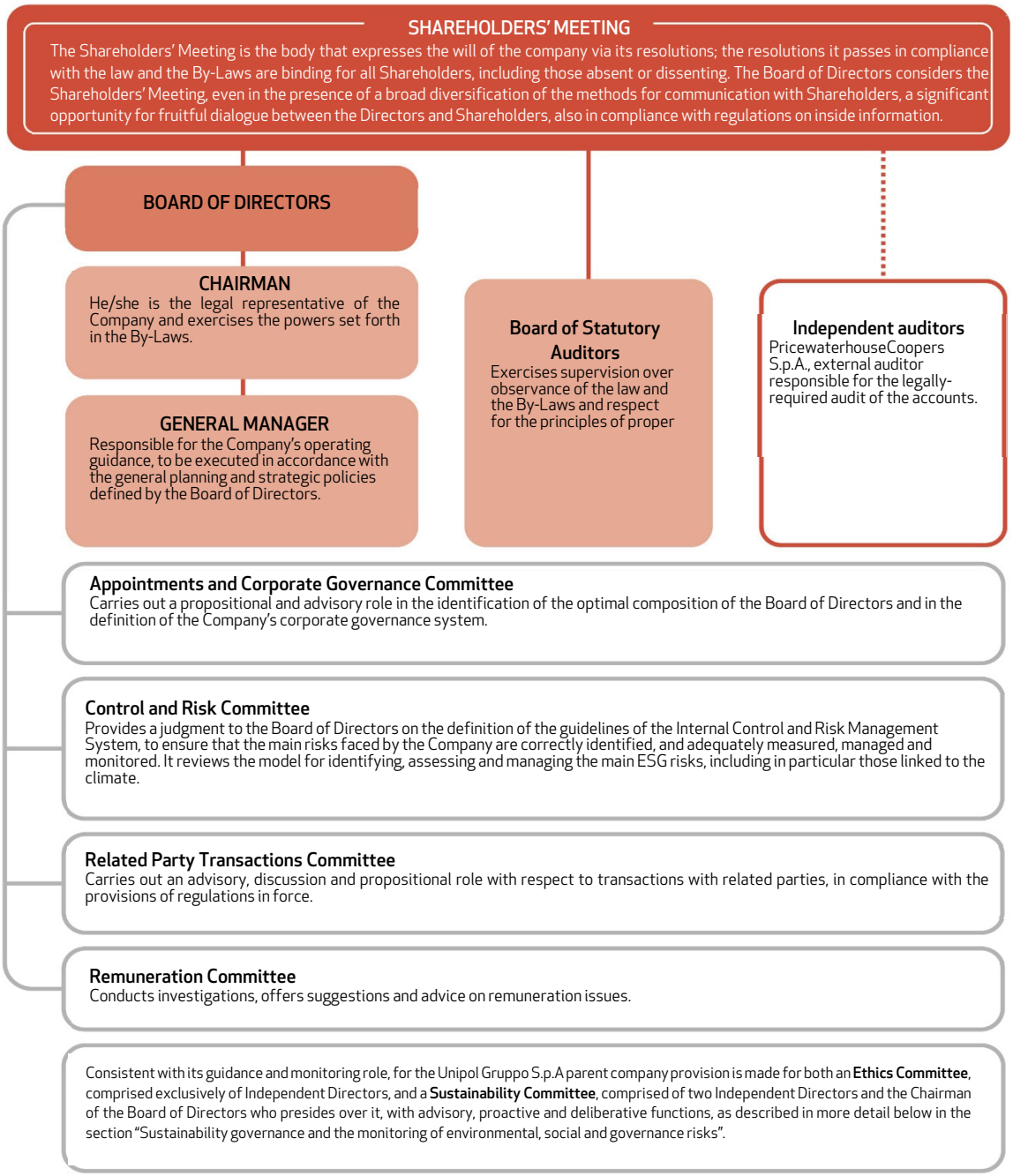
As a result of this structured approach, the reputational index of the Unipol Group with public opinion in Italy, measured according to The RepTrak Company's ***RepTrak®*** analysis model, grew in 2020 to 73.6[2] (+3.9 points over 2019) on a 100-point scale. This value falls within a "strong" reputational segment.
The points of strength of the Unipol reputation, in the perception of citizens, are its products and services, which are considered reliable; the prompt management of claims and the high level of customer assistance; the search for and development of technological solutions; capital strength and strong outlooks for growth.
The reputational indexes have also grown significantly with employees (reaching 83.9 - 'strong' segment - up by 2.5 points compared to 2019), agents (89.2, stable compared to 2019, 'excellent' segment) and customers (80.1 - 'excellent' segment - up by 2.9 points over 2019).

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

[2] average of the 12 monthly surveys conducted with the General Public

GOVERNANCE

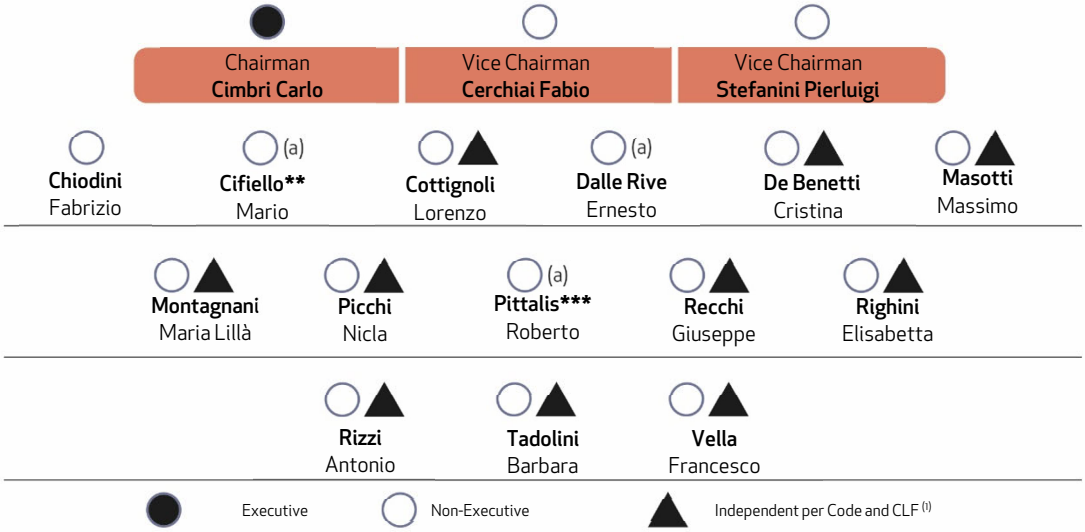
The Corporate Governance system



BOARD OF DIRECTORS

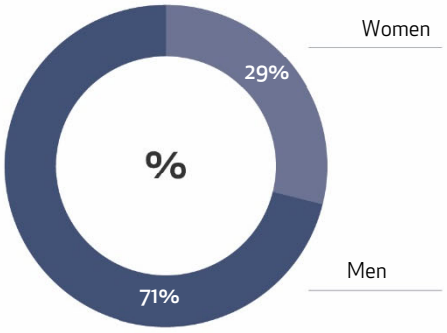
The Board of Directors is vested with the broadest powers for the ordinary and extraordinary administration of the Company. It is therefore entitled to carry out all acts, including disposals, it deems appropriate for achieving the corporate purpose, excluding only those which are reserved by law to the Shareholders' Meeting.

MEMBERS OF THE BOARD OF DIRECTORS APPOINTED BY THE SHAREHOLDERS' MEETING OF 17 APRIL 2019 (*)

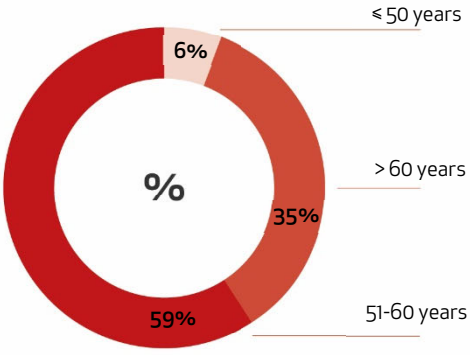


* At the date of this Report, the administrative body consisted of 17 Directors, following the resignation of Director Maria Rosaria Maugeri.
** Appointed, pursuant to Art. 2386, paragraph 1, of the Italian Civil Code, by the Board of Directors on 1 October 2020. In office until the next Shareholders' Meeting
*** Appointed by the Shareholders' Meeting of 29 April 2020
(1) Indicates whether the Director has been classified by the Board of Directors as independent in accordance with the criteria laid out by the Corporate Governance Code and at the same time meets the requirements established by Art. 148, paragraph 3 of the Consolidated Law on Finance.
(a) Directors excluded, with reference to the year 2019, from the group of Independent Directors since they hold roles within the corporate bodies of the direct parent Unipol Gruppo S.p.A. pursuant to Art. 16 of the CONSOB Markets Regulation.

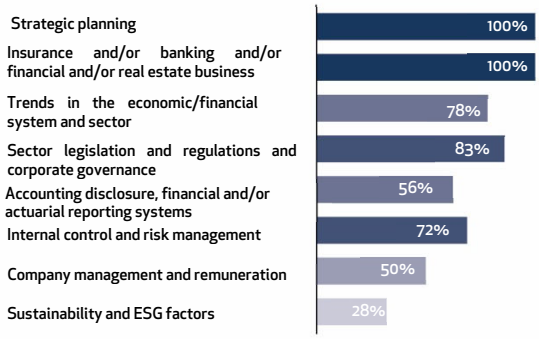
Board of Directors - Composition by gender



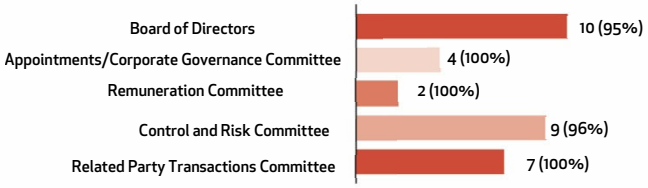
Board of Directors - Composition by age



Skills



Number of meetings and attendance rate

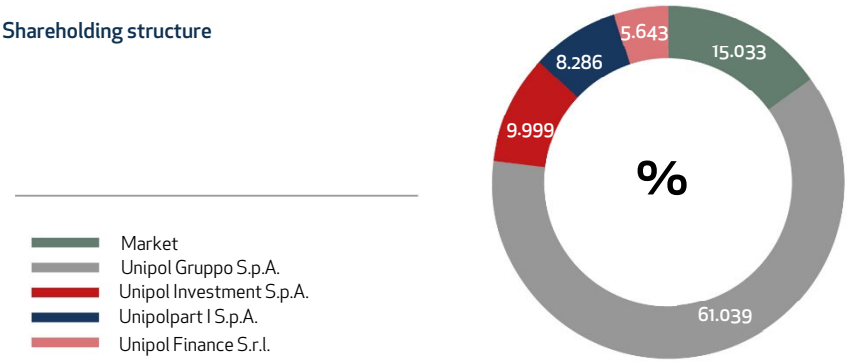


For detailed information, please refer to the Report on Corporate Governance and Ownership Structures, available in the "Governance" section on the UnipolSai website

Relations with Shareholders

The Company UnipolSai Assicurazioni is controlled by Unipol Gruppo, pursuant to Art. 2359, paragraph 1 of the Italian Civil Code and is part of the Unipol Insurance Group.

Shareholding structure



UnipolSai has relied for some time now on a Regulation for the orderly and functional running of Ordinary and Extraordinary Shareholders' Meetings.

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

The financial statements at 31 December 2020 of UnipolSai, drawn up in accordance with Italian GAAP, posted a profit of €814.3m. UnipolSai's Board of Directors proposes that the Ordinary Shareholders' Meeting allocate as dividends €0.190 per Ordinary Share, for a total amount, taking into account the treasury shares held, of €537.6m.

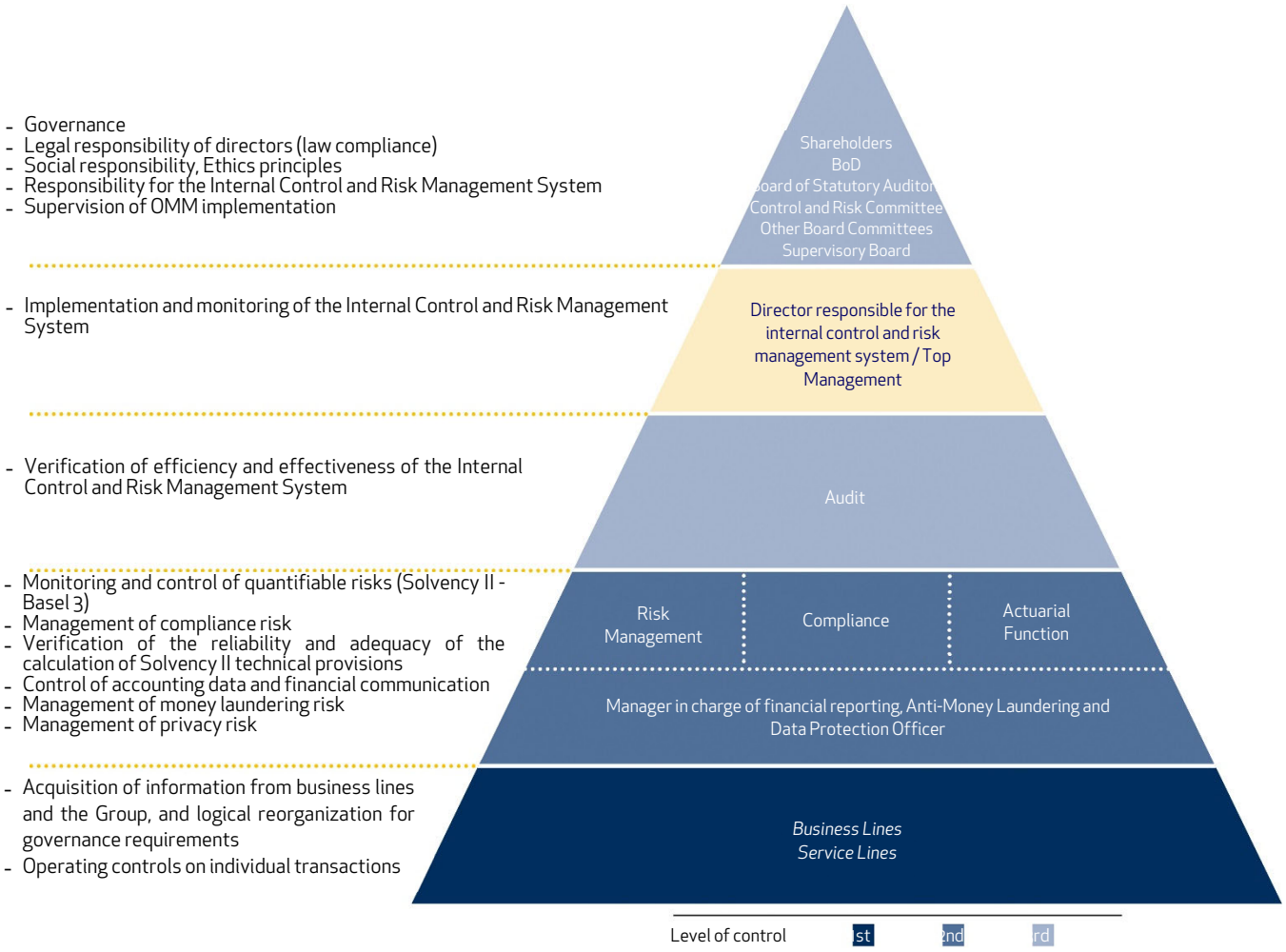
For detailed information, refer to the Governance – Shareholders' Meeting section on the website http://www.unipolsai.com/it

The internal control and risk management system

The internal control and risk management system is a key element of the overall corporate governance system. It is composed of a set of rules, procedures and organisational structures that aim to effectively and efficiently identify, measure, manage and monitor the main risks, with a view to contributing to the sustainable success of the companies.
In particular, it aims to ensure:

- effectiveness and efficiency of corporate processes;
- identification, current and forward-looking assessment, management and adequate control of risks, in line with strategic guidelines and the risk appetite of the company, also in the medium-long term;
- the prevention of the risk that the company be involved, even unintentionally, in illegal activities, in particular those related to money laundering, usury and terrorist financing;
- the prevention and correct management of the potential conflicts of interest, including those with Related Parties and Intra-Group Parties, as identified by regulatory provisions of reference;
- verification that corporate strategies and policies are implemented;
- safeguarding of company asset values, also in the medium to long term, and proper management of assets held on behalf of customers;
- reliability and integrity of information provided to corporate bodies and the market, with particular reference to accounting and operational information, and of IT procedures;
- adequacy and promptness of the corporate data reporting system;
- compliance of business activities and transactions executed on behalf of customers with the law, supervisory regulations, corporate governance regulations and the company's internal measures.

The internal control and risk management system is defined in the relative Directives on the corporate governance system - most recently adopted by the UnipolSai Board of Directors on 17 December 2020 - which, inter alia, set out the role and responsibilities of the individuals involved in the internal control and risk management system. The Directives are complemented by the Key Function Policies, approved, as regards the Actuarial Function Policy, during the same board meeting, and for the Policy of the Audit Function, the Compliance Function and the Risk Management Function, in the course of the meeting held on 18 March 2021.



For a detailed description of the Internal Control and Risk Management System, please refer to the "Annual Report on Corporate Governance and Ownership Structures for 2020", available in the "Governance" section of UnipolSai's website.

The risk management system adopted is designed with an Enterprise Risk Management ("ERM Framework") approach, i.e. based on consideration from an integrated point of view of all current and forward-looking risks to which the Company and the Group are exposed, assessing the impact these risks could have on achieving the strategic objectives.

In order to pursue these high-level objectives, the approach adopted considers the need to reconcile the demands of the different stakeholders. In particular, the risk management system aims to reflect:

- the need to safeguard assets and reputation;
- the need for security and solvency;
- the objective report;
- the need to diversify the risks and ensure sufficient liquidity.

Based on these principles, and to pursue to assigned objectives, the **Risk Management System** relies on a key element: the Risk Appetite.

The definition of Risk Appetite is based on the following general principles:

- the objective is not to eliminate risks but to manage them in such a way as to ensure sustainable, long-term growth;

- the components of the risk profile most important to guarantee the security and protection of customers, employees and the market are: capital strength, adequate liquidity and a sound reputation;
- it is necessary to create fair relations with all the stakeholders, satisfying their demands and expectations in terms of risk management.

In line with said principles, UnipolSai ensures, inter alia, insofar is of specific interest, adequate levels of:

- capitalisation, to avoid revising strategic decisions;
- monitoring of reputational risk, in order to protect our trust capital and minimise the risk of negative events that compromise the perception of the Group by its reference stakeholders;
- monitoring of emerging risks to anticipate the arising of risks that can damage the capital strength or business model sustainability, and arrange for their management;
- monitoring of ESG (*Environmental, Social and Governance*) risks, so as to preserve the capacity to create value over time of the Group and its stakeholders by mitigating environmental, social and governance impacts.

The principles and processes of the risk management system as a whole are governed by the following Group policies: "Risk Management Policy", "Current and Forward-looking Internal Risk and Solvency Assessment Policy", "Operational Risk Management Policy" and "Group-level Risk Concentration Policy". In particular, the "Risk Management Policy" indicates the risk management strategies and objectives. In addition, it defines the risk management process with reference to the identification, assessment, control and mitigation of risks, as are the roles and responsibilities of the company's bodies and structures involved in the process. The risk identification, assessment and monitoring processes are performed on a continuous basis to take account of any changes to the nature and extent of the business and the market context, whether this gives rise to new risks or changes existing ones.
The policies setting the principles and guidelines below are an integral part of the risk management system: (i) management of specific risk factors (e.g. "Group Investment Policy" with regard to market risk, and the "Credit Policy" for credit risk), (ii) risk management as part of a specific process, (iii) risk mitigation and (iv) risk measurement model management.

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

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

The UnipolSai Board of Directors is responsible for defining sustainability objectives and monitoring the associated risks, with the support of the Control and Risk Committee, as well as the Sustainability Committee established in the Parent Company, which carries out its duties for the Group.
The Board of Directors approves the Sustainability Policy, with its subsequent updates, and guarantees its consistency with the specific risk management policies.
The Sustainability Committee established within Unipol Gruppo supports the administrative body in defining the model for the identification, assessment and management of the main ESG risks, including, in particular, those connected with the climate, their impact on the business strategy and the active policies for achieving the COP21 objectives, as well as in defining commitments and monitoring indicators.
The UnipolSai Control and Risk Committee provides its prior opinion to the Board of Directors on the definition of the guidelines for the internal control and risk management system, to correctly identify, measure, manage and monitor the main risks to which the Company and its subsidiaries are exposed (including ESG risks and, primarily, those linked to the climate), also assessing the degree of compatibility of such risks with a management of the company in line with the identified strategic objectives.

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

In order to correctly guide the management of the Company, the Board of Directors has adopted the **Sustainability Policy**, which lays out the strategies and objectives for the management of risks related to ESG issues believed to be "material", according to the "materiality matrix".

Through the materiality analysis, also with the involvement of the stakeholders, some issues were identified on which concrete actions and consistent initiatives shall be developed. The issues identified are the result of the analysis of the global context, the main competitors and companies of other sectors with relevant experience in the area of corporate responsibility, as well as of the

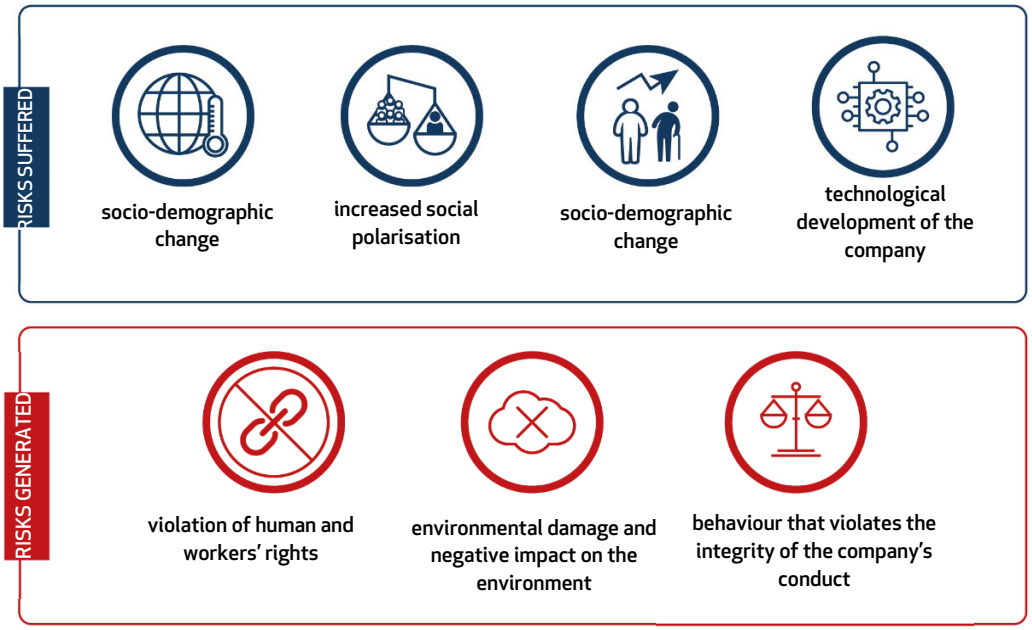
discussion with the top management of the Company and the Group together with some external parties, selected for their knowledge of the insurance sector or for their ability to provide authoritative and innovative points of view.

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

- Protection of human and labour rights
- Equal opportunities
- Environmental protection and combating climate change
- Fairness and transparency for consumers
- Financial inclusion and financial education
- Fair business practices, particularly as regards lobbying and tax strategy practices

The Policy was updated in early 2021[3]. Among the main developments were formalisation of the commitment to integrating the interpretation of current and emerging social and environmental needs into its strategic planning activities, with a view to preparing effective responses in this respect, and the definition of a specific commitment to the governance of risks, opportunities and impacts associated with land, sea and waterway ecosystems (loss of **biodiversity** and *nature-related risk*).

The guidelines on ESG risk monitoring, contained in the Sustainability Policy, are then given an operational structure in all the specific risk management policies so as to guarantee a widespread and integrated approach. The ESG risks to which the Company and the Group are exposed were also identified in the Risk Management Policy, after involvement of the Control and Risk Committee.
The **Risk Management Policy** was supplemented with the inclusion of such risks in the taxonomy of those risks shared across the entire Group and with the identification of the **seven most significant areas of ESG risk**:



[3] This version was approved by the Board of Directors of Unipol Gruppo on 11 February 2021.

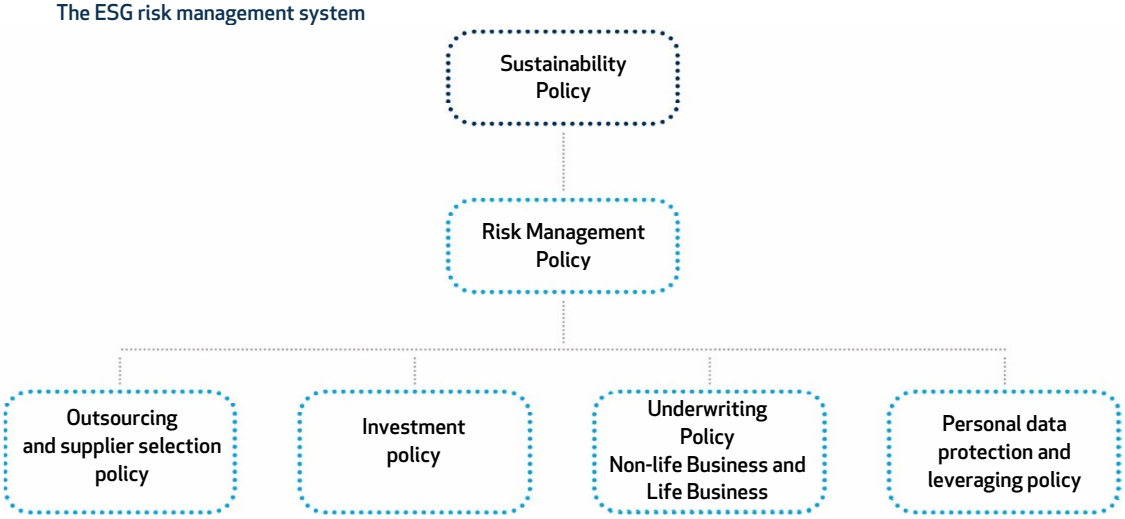
Within the Group and in line with the Risk Management Policy, UnipolSai has decided to integrate the monitoring of ESG risks within the procedures for managing the individual risk categories, in order to monitor them in all the phases of the value creation process and to mitigate the occurrence of any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

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

- into the **Underwriting Policies** in relation to the (i) Non-Life Business and the (ii) Life Business;
- into the **Investment Policy**;
- into the **Outsourcing and Supplier Selection Policy.**

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

The ESG risk management system



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

The Sustainability function is responsible for the adequacy and completeness of the Sustainability Policy and pursues the goal of improving the ESG risk management process, supporting the Chief Risk Officer in the identification of such risks and in the assessment of the relative monitoring, by facilitating the non-financial reporting process and raising the level of knowledge and awareness of the Policies and the results expected as regards "material" topics. The above-mentioned Function also promotes and contributes to the development of strategies of shared value and aimed at supporting the achievement of the Sustainable Development Goals.
In order to promote the integration of sustainability into the everyday management of the business, the Sustainability function is assisted by around twenty contacts who operate in the main Group Areas and Companies, tasked with monitoring the "integrated" projects and supporting the reporting of non-financial performance.
The Sustainability Function also monitors the *stakeholder engagement and management* activities carried out through the Unipol Regional Councils (CRU) composed of the Organisations from the world of work, cooperatives and SMEs (CGIL-CISL-UIL, Legacoop, CNA, Confesercenti, CIA) and the representatives of the Environmental, social and cultural association.

For the application of the Policies, processes have been defined that envisage the involvement of Top Management (through the **Group Risks Committee**[4]) and the key functions in areas of specific expertise (through the **ESG Task Force**[5] and the **Data Ethics Task Force**[6]) for adopting decisions on the management of particularly important ESG risks, for the potential impact and size of

[4] Composed of the Chief Executive Officer and Group CEO, Insurance Group General Manager, Group General Manager, Business Development and Corporate Communication General Manager, Administration Controlling and Operations General Manager, Chief Investment Officer, Chief Risk Officer, Chief Regulation and Economic Studies Officer, Chief Strategic Planning and Organisation Officer.
[5] Composed of Unipol Gruppo/UnipolSai departments/functions that play a key role in understanding and managing investment and underwriting-related impacts: Finance Department, Real Estate Department, Chief Risk Officer, Chief Property & Casualty Officer, Chief Life and Heath Officer, Chief Innovation Officer, Sustainability Function.
[6] Composed of Unipol Gruppo/UnipolSai departments/functions that play a key role in understanding and managing personal data protection and leveraging-related impacts: Chief Innovation Officer, Chief Beyond Insurance Officer, Chief Information Officer, Marketing and Commercial Communication Department and the Sustainability Function. Also involved in the Task Force in an advisory capacity are the Chief Legal Officer, Compliance and Anti-Money Laundering Function, Ethics Officer and Data Protection Officer of the Group.

potential transactions in which they emerge, and for the development of a joint vision on the integration, updating and adaptation of the Policies and on additional initiatives associated with the control of ESG factors.
In parallel and in line with the activity of integrating ESG risks within Policies, the **"Inter-functional ESG Risks Panel"**[7] has refined and updated the mapping of such risks and the relative monitoring, also to take into account the impacts deriving from the ongoing health emergency. The mapping is available within the Unipol Group Integrated Annual Report.

To adequately implement the Sustainability Policy, the dissemination of awareness among employees is crucial. For this reason the Company and the Unipol Group set up a training and education path some time ago. An e-learning course is available for all employees and agents on the Values and the Code of Ethics. This topic was take up once again and analysed in depth during the Master's program on "Employee Management and Development," which concluded during the year after the participation of more than 1,500 resources. In 2020, it was extended to the directors of the subsidiary UNA Group and helped to spread a management model and an example consistent with the Group's Values within that business as well.
In the course of 2020, the online course "EticaMente! - Accessibilità, Lungimiranza, Rispetto, Solidarietà e Responsabilità, per costruire insieme il futuro" (Ethically! - Accessibility, Farsightedness, Respect, Solidarity and Responsibility, to construct the future together) began being taken, which was created to allow all employees and agents to work in harmony with the spirit and objectives of the Group's Charter of Values and Code of Ethics, to be able to apply them in their day-to-day work. All of this through training experience constructed in the form of serious games, in which learners are faced with situations in which they need to make decisions with ethical implications. The actions and decisions made, correct or otherwise, influence the course of history, placing learners before new challenges.
In December 2020, the course had been completed by 1,648 people, including 655 Employees, 933 Agents/Agency Staff (a further 2000 people are registered and are now taking the course).

Integrity in doing business

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

The Organisation and Management Model, pursuant to Italian Legislative Decree 231/2001 ("OMM") of UnipolSai was approved, in its updated version, by the UnipolSai Board of Directors on 17 December 2020 in order to adapt it to new, recently introduced legislation. The current version is composed of a General Part and 14 Special Parts, each dedicated to a category of crime that could theoretically take place within the Company. In the Special Parts of the OMM, the specific principles of conduct and principles of control for preventing the commission of each type of such crimes are laid out in detail.

The Model is disseminated among employees through the company intranet; subsequent updates to the Model are communicated to all employees through corporate communication supplied by e-mail.

The internal control and risk management system also includes an internal system for the reporting by personnel of acts or events which may constitute a violation of the rules governing the activity performed, which guarantees a specific and confidential information channel, as well as the anonymity of the reporting entity. This system is formalised in the Whistleblowing Procedure approved by the Board of Directors of UnipolSai at the meeting on 9 August 2018.
Staff (i.e. employees and anyone operating on the basis of a contractual relationship, even if different from an employment contract, which results in their entry into the company organisation) may use an IT platform to transmit reports on significant unlawful conduct pursuant to Italian Decree 231/01, acts or facts that may constitute breaches of the OMM, as well as violations of any other duly defined regulations[8], according to procedures which ensure the full confidentiality of the whistleblower and the contents of the report[9]. The disciplinary system adopted envisages sanctions against those violating the whistleblower protection measures, and for those who with wilful misconduct or gross negligence submit reports that prove unfounded.

The duty of supervising the functioning and observance of the OMM and handling its updating is entrusted to the Supervisory Board (SB) consisting of three independent non-executive directors who are members of the Control and Risk Committee, and a further two members from the company's Top Management responsible for the Compliance Function and the Auditing Function.

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

[7] Body composed of the Audit, Compliance and Anti-Money Laundering, Risk Management and Sustainability Functions, with the objective of identifying potential risks of a social, environmental and governance nature to which the Group is exposed, to map the oversights intended to manage such risks and to suggest possible improvement measures.
[8] Reference is made to (i) Regulation (EU) no. 596/2014 relating to market abuse ("MAR"), (ii) Italian Legislative Decree no. 231 of 21 November 2007 on preventing the use of the financial system for money laundering and terrorist financing, (iii) Italian Legislative Decree no. 209 of 7 September 2005 ("Private Insurance Code"), (iv) Italian Legislative Decree no. 58 of 24 February 1998 ("Consolidated Law on Finance").
[9] The IT platform adopted by the Group makes it possible to (i) manage reports in pseudonymised form and (ii) keep track of the relative information in encrypted form. Access to such information is limited to specifically identified members of the company structures responsible for the receipt, analysis and assessment of the whistleblowing reports.

Combating corruption

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

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

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

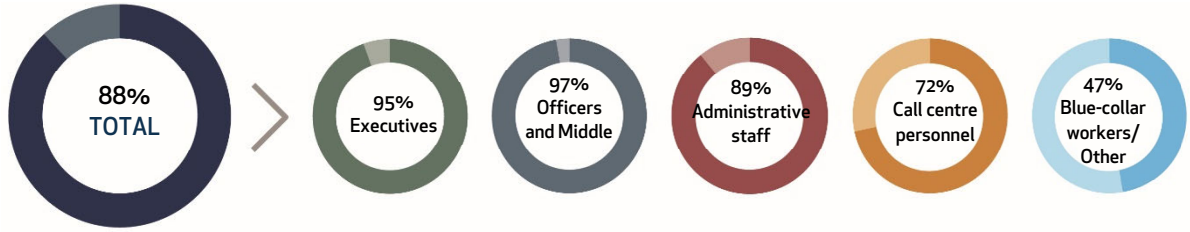
As regards the companies operating in Serbia, the By-Laws and Code of Ethics contain provisions that make it a requirement to avoid conflicts of interest. In the case of UnipolRe, which operates in Ireland, the signatory powers approved by the Board of Directors stipulate that a double signature is necessary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

In 2020, based on available information, UnipolSai and its direct subsidiaries did not incur costs for any penalties pursuant to Legislative Decree 231/2001 deriving from charges for crimes of corruption.

On the topic of Anti-corruption, an online course is available which describes the rules that Legislative Decree 231 of 2001 introduced into the legal system, particularly the liability of entities for the offences resulting from the commission of a crime.
88% of employees working in Italy in the insurance, healthcare, agricultural, hotel and tourism sectors have been specifically trained on anti-corruption policies and procedures.

To ensure effective implementation of the OMM, agents were asked to acknowledge it, which was done in 94% of cases. A clause is inserted into the contracts the Group enters into with suppliers, whereby the latter undertake to adhere to the OMM, under penalty of the termination of the contract.
Acknowledgement of the OMM is certified for suppliers enrolled in the Portal, which accounted for 18.3% of the total in 2020 by spending volume.

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



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

Anti-money laundering and anti-terrorism measures

The Group's governance system for tackling money laundering and the financing of terrorism is based on the "Money Laundering and Terrorist Financing Risk Management Policy" which adopts the new provisions of IVASS Regulation no. 44 of 12 February 2019[10], approved by the Board of Directors of the Company and of the Parent Company and the Group companies with registered office in Italy and with registered office abroad.
In accordance with the policy, specific processes and procedures are in place concerning customer due diligence, reporting suspicious transactions, abstention and suspension, risk assessment and management and internal control measures aimed at preventing and blocking the carrying out of transactions connected with money laundering or terrorist financing.

With respect to the evolution of the reference regulatory framework, please note the extension of the effective entry into force of the provisions set forth in the Measure of the Financial Intelligence Unit for Italy ("FIU") of 25 August 2020 on "Provisions for sending aggregate data"; three distinct Letters to the Market (7 February 2020) from IVASS concerning, respectively:

- the "Self-assessment of the risks of money laundering and terrorist financing by companies and secondary offices operating in the life business. Annual report of the anti-money laundering function.", whereby IVASS asked insurance companies operating in the life business to perform a self-assessment with reference to the year 2019 to estimate their level of exposure to money laundering and terrorist financing risks and evaluate the vulnerability of the oversight mechanisms put into place, according to the criteria and methodology laid out by the Supervisory Authority. For insurance groups, the Italian Parent Company is required to coordinate the exercise carried out by each of the Companies that belong to the Group and provide an account of the results of the exercise for the individual entities, by assessing the relevance of the residual risks for the entire group. Under the Parent's coordination, Unipol Gruppo and the Companies receiving the Letter to the Market have arranged for the Supervisory Authority's requests to be satisfied;
- the "Request for information on insurance business performed in Italy under the freedom to provide services in order to evaluate the risks of money laundering and terrorist financing within the life business." whereby IVASS requested information for the assessment of money laundering and terrorist financing risks from insurance companies with registered office in a Member State of the European Union or in the European Economic Area which carry on business in Italy under the freedom to provide services in the life business;
- the "Supervision on market conduct. Request for information on insurance business performed by companies and secondary offices in the non-life business." whereby IVASS asked Companies operating in the non-life business for detailed information on the insurance activity performed in that business area, particularly with reference to the distribution networks.

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

The anti-money laundering and counter-terrorist financing training also included face-to-face in-depth sessions for some of the corporate areas most affected by the Regulation, as well as for the top management and the first line managers of certain companies. For insurance companies operating in Italy, overall use of the "Anti-Money Laundering" course in 2020 totalled 84.8% (88% in 2019). With reference to the different job classification levels, 89.3% of Executives, 92.7% of Officers/Middle Managers, 82.7% of administrative staff and 98.5% of call centre personnel took the course.

As for the companies operating in Serbia, the operating procedures are in line with the provisions of local legislation. Activities and specific measures are envisaged to analyse the characteristics of the customers and monitor their transactions in accordance with the risk categories specified, including a check that the activities are compliant with the nature of the commercial relations and the usual volume and type of activities conducted with the customers. Procedures and mechanisms are also in place to flag up customers and transactions for which there are reasons to suspect involvement in money laundering and terrorist financing. For companies operating in Serbia, the percentage of coverage of the anti-money laundering training was 59.9% (61% in 2019).

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

Responsible data management

Considering the various types of businesses performed by the Company and the Group, UnipolSai holds a considerable amount of personal data, which relate to various moments in the life of natural persons, their behaviours, their available resources, their health, habits and preferences; the phenomenon will take on increasingly significant dimensions with the growing spread of new connected devices.

The **Personal data protection and leveraging policy** lays down the Group's general guidelines for the protection of natural persons when it comes to the processing of their personal data, specifying the organisational model (organisation and roles, people, culture and competences), operating model (processes, rules and documentation) and architectural model (technologies and tools) structured for the purpose. UnipolSai uses this system to implement Regulation (EU) no. 2016/679 (the GDPR) and, with support from the Group Data Protection Officer (DPO), performs ongoing assessment of the effectiveness and efficiency of controls, processes and the organisation put into place for implementation of the GDPR.

During 2020, 92 data breaches were recorded in the Group companies.[11] The increase compared to the 24 cases in 2019 is due to increased awareness of Group personnel, thanks to continuous training and dissemination of GDPR topics, which has generated more reports, and to UnipolSai's constant attention to every single event that could potentially result in a personal data breach. All cases were promptly managed and resolved by the competent Data Controller companies. In just 5 cases it was necessary to promptly notify the Data Protection Authority. The remaining cases were not notified as they did not include any risk to the data subjects. In 2020, 6 documented reports were received of breach of privacy at Group level, issued by the Regulatory Bodies (specifically, the Data Protection Authority), which were answered promptly without any follow-up by the Authority.

The **"Unipol Data Vision"**, approved in 2020, integrates the privacy protection system with the commitment of fair and transparent data leveraging. The advanced data management supports a more knowledgeable assumption of risks, able to make the handling of any claims more sustainable and leading to an increasingly stronger capacity to protect customers in an accessible manner. The UnipolSai vision therefore represents an opportunity to create value that is shared among customers, the Group and even the community as a whole, supporting the development of solutions with a common contribution from multiple players to satisfy the needs of the community.

In relation to cyber security, the **Information Security Policy** calls for the adoption of suitable physical, logical and procedural security measures aiming to guarantee appropriate and consistent protection to the information processed in the IT systems throughout the entire life cycle.

In 2020, the operating procedures of the Group's people were profoundly altered, with impacts on IT security; in this context, initiatives for strengthening and developing cyber security continued along three main trajectories:

- the intense use of technologies and methodologies based on best market practices for controlling the various levels of the architecture (access perimeter, data protection, application and infrastructure vulnerabilities, etc.);
- the strengthening and automation of detecting and responding to attacks;
- technical training activities for IT personnel and awareness activities for end users.

Among the main projects advanced are the multi-factor authentication for over 9,000 employees in the Group's insurance sector, with the aim of mitigating the risk of theft of credentials and unauthorised access attempts, as well as conducting *vulnerability assessment* and *penetration test* sessions on the infrastructure and applications, with particular regard to those exposed on the Internet.

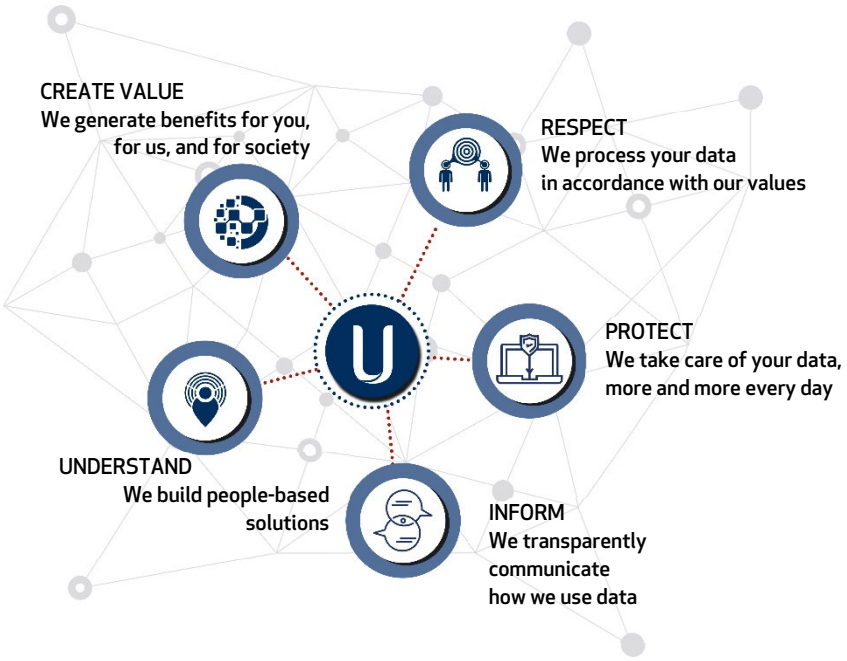
The risk control system associated with the management and use of data is completed by various Group policies, including in particular the Risk Management Policy, the Personal Data Protection Policy, the Business Continuity Management Policy and the Data Governance Policy. Data Governance is the set of processes, methodologies, roles and technologies which on one hand allows for the formal management of data informational assets, establishing clear responsibility for them, and on the other offers opportunities to exploit the intrinsic value of the company's informational assets to support business strategies and objectives.
UnipolSai is certified in accordance with international standard ISO27001[12] for the AdES service.

Training on privacy topics involved most of the Group's personnel (over 90% of employees in Italy) and numerous agents and sub-agents (more than 70% in both cases).

[11] According to the GDPR, data breach means a breach of security leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, personal data transmitted, stored or otherwise processed.
[12] ISO/IEC 27001 is an international standard that defines the requirements for setting up and managing an information security system and includes aspects concerning logical, physical and organisational security.

To spread an IT security culture, in 2020 "Cyber Security Awareness 2020" was made available, an additional online module going in depth on the risks linked to cyber security and in particular the various forms of phishing - link manipulation, providing instructions for the safe use of the web. At the end of 2020, cyber security courses had reached 7,540 people in the Network, for a total of 29,164 hours and 3,499 employees, for a total of 9,273 hours.

Unipol Data Vision



The protection of fair competition

Through the Group Code of Ethics, UnipolSai commits to operating in favour of a market in which free competition is guaranteed, abstaining from practices that may potentially be anti-competitive.
UnipolSai implements this commitment through the structuring of processes and internal procedures which guarantee the necessary oversights and controls and with the monitoring and internal communication of the new regulations significant for the purposes of the activities conducted by the Group companies, aimed both at verifying compliance with the said regulations and identifying potential areas for new business activities. This is accompanied by a constant commitment to advocacy in response to proposed legislation and public consultation initiatives, and with regard to any other act or document published by the Authorities with potential effects on the Group and its stakeholders.

Amongst the regulations analysed on "competition", please note Directive (EU) 2019/2161 as regards the better enforcement and modernisation of Union consumer protection rules; the parts of the various decree laws issued in response to the COVID-19 emergency containing provisions connected on various bases with consumer protection.
As concerns more specifically "consumer protection" in the insurance area, the competent corporate functions focused their attention on IVASS Regulation no. 45 of 4 August 2020, containing provisions on the governance and control requirements of insurance products, and IVASS Measure no. 97 of 4 August 2020 containing amendments and additions to Regulations no. 23/2008, 24/2008, 38/2018, 40/2018 and 41/2018; the joint IVASS-Bank of Italy Letter to the Market of 17 March 2020 concerning the offer of products combined with loans; Law Decree No. 34 of 19 May 2020, the "Relaunch Decree", coordinated with the conversion Law no. 77 of 17 July 2020 containing: "Urgent measures on health, support for labour and the economy, as well as social policies linked to the COVID-19 epidemiological emergency", particularly with reference to the matter of the signing of insurance agreements in simplified manner using electronic or IT instruments.

With reference to proceedings opened by the Antitrust Authority for consumer protection, on 8 May 2020, the Antitrust Authority notified UnipolSai Assicurazioni of the initiation of preliminary proceedings concerning the #UnMesePerTe promotional campaign involving the dissemination, in print media, on television and in other media of advertising messages which allegedly lacked the required clarity and transparency.

UnipolSai filed a detailed defence brief, affirming the full legitimacy and fairness of its initiative, as well as its ethical and social merit. Moreover, with a view to further improving transparency towards its customers, the Company enacted a series of behaviours on its own initiative which were then subject to a commitment proposal formalised with the Antitrust Authority on 26 June 2020 and supplemented, based on the Authority's observations, on 6 November 2020. These measures are intended to facilitate knowledge and use of the benefits deriving from this campaign by extending the initiative to 31 December 2021 (but still with reference to policies in force at 10 April 2020) and sending individual communications to potential beneficiaries concerning how to use the voucher offered when the policy is renewed, as well as providing a detailed disclosure on the possibility of revoking consent to the use of personal data for marketing purposes issued to the Company on the "unmeseperte" mini-website from 11 April 2020 to 29 May 2020.
By a measure passed on 26 February 2021, the Antitrust Authority accepted the commitments proposed by the Company and settled the proceedings without confirming any infractions and, therefore, without imposing penalties.

On 26 November 2020, the Antitrust Authority notified UnipolSai Assicurazioni of the initiation of a second preliminary proceeding concerning claims settlement, characterised by an alleged hindrance of the right of consumers to access the relevant deeds and the failure to specify the criteria for the quantification of damages in the phase of formulating the compensation offer.
UnipolSai deems this objection completely unfounded and, to protect its rights, has engaged its lawyers to represent it in the proceedings, which are currently ongoing.

Sanctions

The overall number of interventions by IVASS with respect to UnipolSai and the other insurance companies within the Group operating in Italy during 2020 totalled 3,374, up compared with 2,696 in the previous year.

In the course of 2020, UnipolSai Assicurazioni paid 3 sanctions totalling €67,340, all relating to the Non-Life Claims area deriving from the application of regulations previously in force, given the complexity of the situation deriving from the extended timing available to the Supervisory Authority for the notification of measures, the arbitrariness attributed to it by law in the selection of decision-making priorities and the procedural setup of the new sanction procedure.
On the basis of the sanction regulations in force applied by the Supervisory Authority in relation to offences occurring after 1 October 2018, the administrative sanction runs from a minimum of €3k to a maximum of 10% of turnover, while offences committed until 30 September 2018 and identified subsequently by IVASS are subject to the previous regime characterised by a well defined grid which includes the number of days of delay and the amount of the relevant sanction.

With regard to the complaints filed by customers pursuant to IVASS Regulation no. 46/2016, UnipolSai Assicurazioni alone managed, together with its agents, 2,613 complaints (+14% compared with the same period in 2019), 75% of which were rejected.

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

Number of IVASS interventions and Sanctions paid

	2020	2019
Amount of IVASS sanctions paid (€m)	0.067	0.381
Number of IVASS actions	3,242	2,696
Number of IVASS sanctions	3	64

Tax management

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

The Group's Italian and foreign companies pay taxes and duties in application of the tax regulations in force in each country.
In 2020, the total taxes paid to the tax authorities (on income, premiums, ownership, etc.) by Group companies came to around **€2.17bn**.

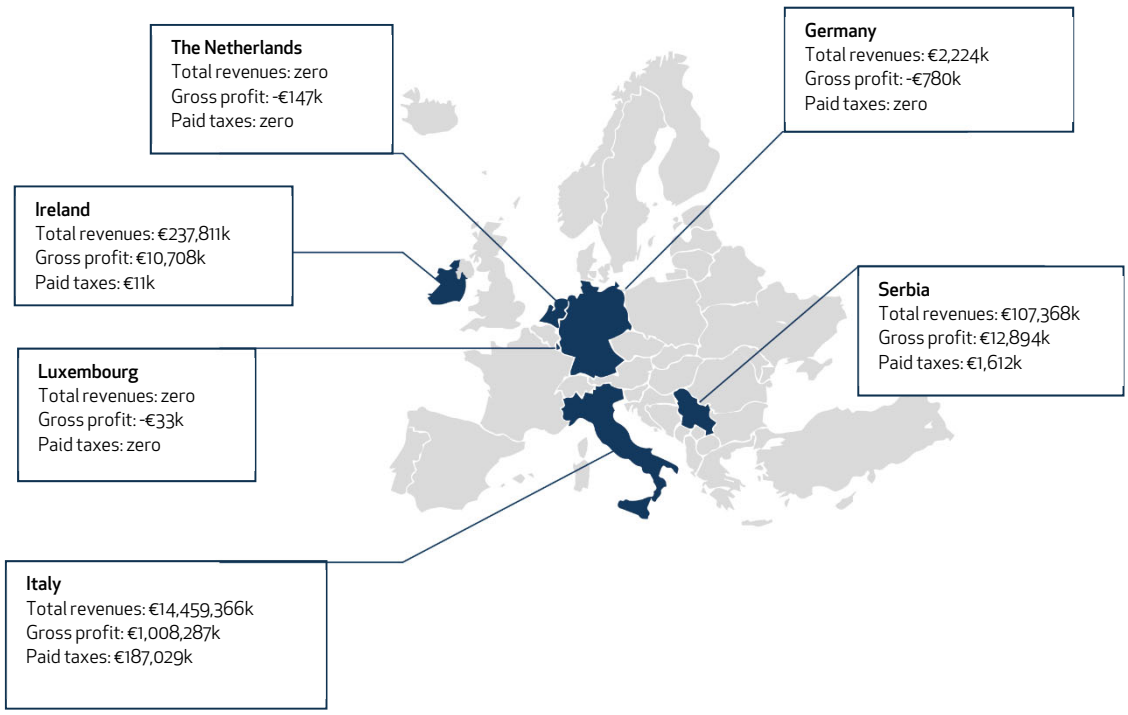
Income taxes recorded a tax rate for the year of 29.4% (26.4% in 2019).

Tax management is entrusted to the Group's Tax Service, which reports to the Administration, Controlling and Operations Deputy Manager; the Service supervises and manages the application of tax legislation and also provides advice, guidance and control to all companies within the Group by ensuring assistance and support as part of the control activities implemented by the Tax Authorities.
The basis for the approach adopted is the identification, profiling and quantification of tax risks for the purpose of defining capital requirements. Tax risk forms part of the operational risks monitored and measured for Solvency II purposes.

In determining the conservative provisions for current or estimated disputes concerning the application of taxes, the risks connected with potential future findings is also assessed and quantified.
The Unipol Group establishes a relationship of full collaboration with the competent tax authorities, supporting any audit activities and responding to the requests received with the most speed and transparency possible. In the locations where it operates, the Unipol Group promotes and supports the streamlining and simplification of the relative tax administration and management systems.
The company processes contain procedures and tools for the management of tax aspects. A number of significant tax processes were recognised for the purpose of procedures pursuant to Italian Law 262/2005 (Law on the Protection of Savings and Governance of the Financial Markets).
Aspects connected with the management of tax issues do not provide for the explicit and structured involvement of the Company's Board of Directors, which does not define the company's general tax strategies. However, where major problems emerge, the appointed Functions provide adequate information and conduct suitable prior assessment activities of the most significant tax consequences.
The Financial Statements documentation discloses the revenues, profit deriving from technical and financial management, taxes for the year, and also include a statement of reconciliation of the theoretical tax burden compared to the actual tax burden with an explanation of the main reasons for deviations. The main items that cause discrepancies between taxes paid and taxes accounted for are subject to specific reporting.

Since 2016, the Unipol Group's country by country reporting has been prepared, inclusive of the data of UnipolSai.

Income and Taxes: Country by Country Report summary



Responsible Lobbying

2020 saw the continuation of the institutional positioning activities aimed at the Group's further accreditation as an authoritative and independent point of reference for national and European institutions, as well as multiplication of the relational areas useful for increasing support for business and awareness of the external competitive contexts.
These activities were primarily pursued through the levers of lobbying and advocacy, by participating in public consultations promoted by the institutions, with specific skills and experience, with a view to supporting decisions.

With reference to the lobbying activities, UnipolSai, in order to maintain proactive dialogue, has organised meetings with public decision makers, parliamentarians and Italian and European institutional investors, contributing to the public debate on political/legislative activities pertaining to the topics of interest for the Group and seeking to represent and support the Group's bodies in the relevant consultation processes. In addition, monitoring continued of the legislative and regulatory process in areas of interest for the Group, as well as the analysis of the political/economic context.
In 2020, the Group participated at domestic level in 12 public consultation procedures (of which two initiated in 2019 and one concluded in January 2021) and at EU level 19 public consultations/surveys (of which 3 started in 2019 and one concluded in January 2021), for a total of 31 consultations/surveys.

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

As concerns the European regulatory environment, 2020 was a year in which **there were significant advances made in legislation on sustainable finance** and political pressure grew more generally on the topic of sustainability (also following the crisis generated by the spread of the COVID-19 pandemic), which was declared as priority and central - along with that relating to digitalisation - for all objectives of the von der Leyen Commission, which took office in December 2019.

In this regard, please recall in particular the entry into force in July 2020 of EU Regulation no. 2020/852 (Taxonomy Regulation), which is the main linchpin of the new regulation on sustainability and lays out criteria for determining whether an economic activity can be considered environmentally sustainable (for the moment only from the environmental perspective); establishes the definition of environmentally sustainable activities and provides the prerequisite for determining the degree of environmental sustainability of a financial investment.

Just as relevant is the public consultation on the draft Delegated Regulation supporting the "Taxonomy" Regulation, which lays out the technical screening criteria to determine the conditions under which an economic activity pursues the objective of mitigating or adapting to climate change, and does not jeopardise any of the other environmental targets.

On the matter of topics inherent in the development of digital technologies, it is useful to recall that they have been recognised by the European Commission as a strong ally in the fight against climate change and for the success of the green transition. The European strategy for data and strategic options aiming to ensure the anthropocentric development of artificial intelligence (AI) presented in February 2020 were considered by the European Commission as the first steps towards the achievement of these objectives. On these matters, monitoring was performed particularly on the initiatives inherent in the Commission's project for the **creation of European data spaces**, especially for the implications that this may have with regard to the financial services sector, health, mobility and environmental data, as well as more transversally on regulations for the protection of personal data. Indeed, the use of data has enormous economic and social potential: it may allow for the emergence of new products and services based on innovative technologies, make production more efficient and provide tools to face societal challenges.

Another matter that has been a constant focus was that relating to the **revision of the Solvency II Directive (Directive 2009/138/EC)**, which was launched in February 2019 by the European Commission by requesting *Technical Advice* from EIOPA with respect to several aspects of specific interest to the legislature.

Domestically, in 2020, the work concluded for the implementation of the **IDD directive** (Directive 2016/97/EU on insurance distribution) (for which in the meantime the first phase of the revision process was launched at European level)[13], the **SHRD II** (Directive 2017/828/EU, which regards the encouragement of long-term shareholder commitment) and the **IORP II** directive (Directive 2016/2341/EU, on the activities and supervision of institutions for occupational retirement provision)[14], thus completing

[13] On 12 November 2020, EIOPA launched a *Survey on the application of the Insurance Distribution Directive*,
[14] Specifically with regard to the work for the implementation of the IORP II, please note that the final adoption by COVIP is still pending of the final measure relating to the Statutory Schemes of occupational pension funds, Regulations of open pension funds and Regulations of individual pension plans, updated following the amendments and additions set forth in Legislative Decree no. 252 of 5 December 2005 and Legislative Decree no. 147 of 13 December 2018, in implementation of Directive (EU) 2016/2341, following the public consultation procedure that concluded in June 2019.

some of the most significant regulatory frameworks for the performance of the insurance business, or respectively those on insurance distribution, the governance of listed companies and supervision relating to pension funds.

With reference to advocacy activities, the **"Welfare, Italia"** project continued with a view to building a permanent discussion platform on welfare, which can actively contribute to reshaping the country's healthcare and social/assistance policies.
In the course of 2020, the project, through the activities of its think tank, promoted by Unipol Gruppo in collaboration with The European House-Ambrosetti, organised four webinars, a periodic in-depth newsletter, the publication of a Strategic Report[15] and the organisation of an online forum, the Welfare Italia Forum, with more than 500 associated parties, including public institutions, experts and sector stakeholders.
Aware that the epidemiological emergency represented an enormous stress test for the welfare system, both for healthcare and social policies, "Welfare, Italia" offered its qualified contribution to the analysis of critical issues and the identification of policy proposals for the overall improvement of the protection system.

Specifically, Welfare Italia promoted policy proposals along three different lines of action, with a view to boosting the sustainability and inclusion of the welfare system:

- Healthcare: Welfare Italia proposed making the healthcare system more efficient, sustainable and resilient through the creation of interoperable databases and new digital services, to be implemented through a pilot national telemedicine project. The think tank has estimated that the implementation of this project would allow for a reduction of days of hospitalisation of up to 25%, with savings of roughly €1.5bn every year (for a total of €7.5bn over five years).
- Social policies: Welfare Italia proposes streamlining assistance instruments and investing in a plan of active labour policies. On the basis of what emerged from the analysis set forth in the think tank's annual report, the reorganisation of bonuses and the one-off income supplementation measures, in favour of a single tool for social inclusion purposes, could free up resources of roughly €10bn, which could be dedicated to a plan of active labour policies and generate up to 200k new additional jobs.
- Pension planning: Welfare Italia proposes favouring recourse to supplementary pension planning, incentivising new enrolments, by reforming the sector's tax benefits and launching a Pension culture plan for young people, named UNICO - "Universale Contributo", which supports the creation of supplementary pension accounts for young people. According to the estimates set forth in the annual report, subscriptions to supplementary pension plans could increase by 2.5m (equal to 30% of total subscriptions), for a total of €7bn in additional resources allocated to the supplementary pension plan.

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

[15] Download the pdf version of the "Report 2020. Welfare, Italia Think Tank"

Human Rights

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

Stakeholders	Areas of impact	Page which describes the oversight in place
Employees	a. Health and Safety	78-81
	b. Combating harassment	76-78
	c. Freedom of trade-union association	85
	d. Equal opportunities and non-discrimination	76-78
	e. Work/life balance	82-84
Customers/Employees	a. Privacy and personal data management	27-28
Customers	a. Integration into assumption of risks	41
	b. Integration into management of investments	60-63
	c. Access to healthcare and welfare services	43-44
	d. Financial inclusion of the most vulnerable sectors of society	45
Suppliers	a. Inclusion of criteria regarding the respect for human rights into the supply chain	87-88

For detailed information concerning the United Nations CoP 2020, refer to the "Sustainability" section on the Unipol Group website; for more details on the Code of Ethics, refer to the "Our Identity" section on the Unipol Group website.

Remuneration policies

Every year, the Unipol Group Companies, based on the guidelines issued by the Parent Company in the Group's Remuneration Policies, adopt Remuneration Policies, approved by the Boards of Directors of the Companies and respective Shareholders' Meetings, which seek to ensure fair remuneration, commensurate to the breadth and level of responsibilities, level of professionalism and experience required by the job and individual capabilities, in order to attract, motivate, enhance and retain key resources, in accordance with legal, regulatory and statutory provisions as well as any codes of ethics, promoting the adoption of compliant conduct, and consistent with the requirements of sustainable performance.

The essential principles for determining remuneration are a sound and prudent risk management policy, internal fairness, meritocracy and benchmarking with the reference markets and the level of risk oversight.

Annual **Director** compensation is fixed; they also receive attendance fees for participation in each board meeting and shareholders' meeting as well as reimbursements for expenses incurred to carry out their official duties. Non-executive Directors receive no variable remuneration component.

Executive remuneration involves payment of a fixed as well as a variable component. The parameters for the assignment of the variable remuneration component defined in relation to the 2020 Remuneration Policies are summarised below.

VARIABLE COMPONENT

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

The Total Bonus is broken down into a Short Term Incentive and a Long Term Incentive.

Short-Term Monetary Incentive

Each recipient is individually assigned four short-term objectives.
The sum of the weights obtained from combining the individual objectives determines the Individual Performance Level.
The Short-Term Incentive is attributed 50% in monetary form and 50% in the form of financial instruments consisting of Unipol ordinary Shares and UnipolSai ordinary Shares.

Long-Term Incentive

The Long-Term Incentive is assigned 50% in monetary form and 50% based on a closed financial instrument-based remuneration plan, which involves the distribution of Unipol ordinary Shares and UnipolSai ordinary Shares with a deferment of up to five years.
The LTI is paid based on the achievement of Unipol Group profit indicators, the Unipol solvency capital requirement target, growth in the value of the Unipol share over the three year period and performance of the Group's reputational index in the three-year period 2019-2021.

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

*Value calculated and measured based on the RepTrak® model

For detailed information, please refer to the Remuneration Report, available in the "Governance" section of UnipolSai's website

With respect to the **pay gap between women and men**, as regards the overall remuneration of the Companies operating in Italy, in the executive category the median values of women were 2.4 percentage points higher than the overall remuneration of men (4.9 in 2019), in the Officers and Middle managers category, the gap is in favour of men, by 6 percentage points (6.6 in 2019), in the administrative staff category this gap is 8 percentage points (7.8 in 2019), while there was one percentage point (2.5 in the previous year) in favour of women in call centre personnel.
With respect to executives, the gaps between the values of fixed remuneration and the values of total remuneration are attributable to the impact of the fixed component which exceeds both the best market benchmarks and the levels of responsibility assigned.

Pay gaps by gender and job level category*

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

+5.1%	-5.2%	-7.1%	+3.0%	-5.1%
Senior Executives	Officers and middle managers staff	Administrative	Call Centre personnel	Blue-collar workers/Other

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

+2.4%	-5.9%	-8.0%	+1.0%	-5.1%
Senior Executives	Officers and middle managers staff	Administrative	Call Centre personnel	Blue-collar workers/Other

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

FINANCIAL PERFORMANCE

€ 12,210 m
Direct insurance premiums

€853m
Consolidated net profit

87.8%
Combined Ratio - net of

€0.190
Proposed unit dividend per share

Profitability of the UnipolSai Group's activities

In February 2020, UnipolSai Assicurazioni entered into an agreement with Intesa, subject to the fulfilment of specific conditions, for the subsequent acquisition, either directly or through a subsidiary, of business units linked to one or more insurance companies invested in at the time by UBI Banca (BancAssurance Popolari SpA, Lombarda Vita SpA and Aviva Vita SpA), consisting of Life insurance policies taken out by customers in the Banking Business and the relative assets, liabilities and legal relationships (the "Insurance Businesses").
Some of the conditions established in the agreement and referring to the acquisition were satisfied in the course of the year: the Public Purchase and Exchange Offer promoted by Intesa Sanpaolo on UBI Banca shares was successfully concluded; the BPER Banca share capital increase was successfully concluded in order to provide the bank with the resources necessary to acquire the Banking Business, in which Unipol and UnipolSai participated, in proportion with their shareholdings in BPER Banca. In February 2021, the acquisition of the Banking Business by BPER was completed. On the basis of the agreement, when additional conditions are fulfilled, including, inter alia, the assumption of control of Lombarda Vita and Aviva Vita by Intesa San Paolo, the latter and UnipolSai Assicurazioni shall proceed with the definition of the Insurance Businesses and their subsequent transfer.

Key financial and capital indicators

Amounts in €m	31/12/2020	31/12/2019
Non-Life direct insurance premiums	7,882	8,167
% variation	*(3.5)*	*3.5*
Life direct insurance premiums	4,328	5,847
% variation	*(26.0)*	*52.8*
of which Life investment products	569	393
% variation	*45.0*	*9.7*
Direct insurance premiums	**12,210**	**14,014**
% variation	*(12.9)*	*19.6*
Net gains on financial instruments (*)	**1,371**	**1,606**
% variation	*(14.6)*	*(16.5)*
Consolidated profit (loss)	**853**	**655**
% variation	*30.3*	*(30.9)*
Balance on the statement of comprehensive income	**1,001**	**1,748**
% variation	*(42.7)*	*n.s.*
Investments and cash and cash equivalents	**68,769**	**66,369**
% variation	*3.6*	*11.1*
Technical provisions	**57,707**	**57,567**
% variation	*0.2*	*8.2*
Financial liabilities	**7,055**	**6,000**
% variation	*17.6*	*14.2*
Shareholders' Equity attributable to the owners of the Parent	**7,881**	**6,878**
% variation	*14.6*	*26.2*
UnipolSai Assicurazioni SpA Solvency ratio (Partial Internal Model)	**325%**	**284%**

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

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

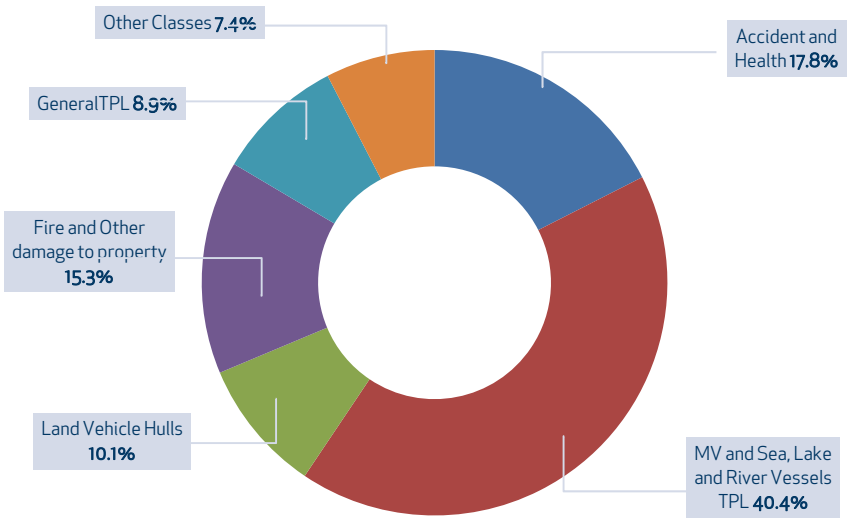
UnipolSai closed the year 2020 with a **consolidated net profit** of €853m, up significantly compared to €721m in the previous year, a normalised value determined by excluding non-recurring expenses from the signing of agreements with the Trade Unions for the Solidarity Fund and other types of employee leaving incentives for roughly €66m net of tax effects (€95.5m gross of taxes).

At 31 December 2020, **direct insurance premiums**, gross of reinsurance, stood at €12,210m (€14,014m at 31/12/2019, -12.9%).
The year 2020 was significantly impacted by the consequences of the health emergency caused by the COVID-19 pandemic, which influenced both commercial activity and claims.

Within this context, **Non-Life** direct premiums amounted to €7,882m in 2020, marking a decline of 3.5% compared to the previous year, but recovering compared to interim data (€8,167m at 31/12/2019). The decline in income was also influenced by the measures adopted by the Group to protect customers, such as the initiative named #UnMesePerTe which, due to the improvement in claims caused by blocks imposed on circulation, provided UnipolSai customers with a 1/12 (one month) discount on the premium previously paid when they renewed their MV TPL policies.
MV premiums came to €3,985m, down 4.6% on 2019 data, while Non-MV premiums (€3,896m) recorded a more limited decline (-2.3%), also thanks to the marketing of specific products linked to the health emergency.
The income of UnipolSai SpA was down, as it was particularly exposed to the decrease recorded in the average MV TPL premium, with Non-Life premiums at €6,772m (-3.1%).
UniSalute's turnover rose to €483m (+7.7%), while Linear, the other main company of the Group, operating in the MV segment, totalled €185m in premiums, with 0.6% growth thanks to growth in its customer portfolio.
SIAT, focused on the Maritime Transport segment, recorded a decline of 5.7% with premiums of €129m.
In the Non-Life bancassurance segment, Arca Assicurazioni achieved turnover of €140m, +3.0% compared to the previous year, while Incontra Assicurazioni earned premiums of €84m, down significantly compared to €185m recorded at 31 December 2019.

The Non-Life sector pre-tax profit was €1,105m (€698m in 2019, €782m net of non-recurring expenses linked to the solidarity fund).

Breakdown of Non-Life direct premiums



In the **Life business**, the Group recorded direct premiums of €4,328m in 2020, marking a decline of 26% due not only to the effects of the health emergency, but especially to the commercial policies adopted during the period in order to limit risks, as well as the comparison with 2019, when there was a high business volume, also due to the presence of one-off components.

In detail, UnipolSai SpA recorded direct premiums of €3,099m (-4.0%); in the bancassurance channel, Arca Vita, along with its subsidiary Arca Vita International, had direct premiums of €1,140m (-32% compared to €1,676m in 2019).

The pre-tax result of the Life segment was €73m, against €228m in 2019 (the normalised result was €239m), down especially due to the lower contribution of financial income influenced by the realisation of some capital losses on the portfolio not covering segregated funds.

Breakdown of Life direct premiums

Amounts in €m	31/12/2020	*% comp.*	31/12/2019	*% comp.*	*% var.*
Total direct premiums					
I - Whole and term Life insurance	2,732	*63.1*	3,717	*63.6*	*(26.5)*
III Unit-linked/index-linked policies	522	*12.1*	375	*6.4*	*39.2*
IV - Health	7	*0.2*	6	*0.1*	*14.9*
V - Capitalisation insurance	361	*8.3*	481	*8.2*	*(25.0)*
VI - Pension funds	707	*16.3*	1,268	*21.7*	*(44.2)*
Total Life business direct premiums	**4,328**	***100.0***	**5,847**	***100.0***	***(26.0)***
of which Investment Products (IAS 39)					
III Unit-linked/index-linked policies	507	*89.0*	362	*92.2*	*40.0*
VI - Pension funds	62	*11.0*	31	*7.8*	*104.3*
Total life investment products	**569**	***100.0***	**393**	***100.0***	***45.0***

Claim trends benefitted from the slowdown in road traffic triggered by the measures for the containment of the COVID-19 pandemic required during the two waves in the course of 2020: there was therefore a reduction both in the frequency of MV TPL claims and in other guarantees linked to vehicles.
Furthermore, the year 2020 was impacted to a lesser extent than 2019 by damage from atmospheric events, which in any event continued to reach sustained levels, bearing witness to climate changes under way and on which there were lower reinsurance recoveries.
The number of claims reported, without considering the MV TPL class, fell by 16%.

Non-Life direct business - net of reinsurance

Non-Life business	31/12/2020	31/12/2019
Loss ratio - net of reinsurance	58.8%	66.3%
Expense ratio (calculated on premiums earned) – net of reinsurance	28.2%	27.9%
Combined ratio - net of reinsurance (*)	87.0%	94.2%

(*) with expense ratio calculated on premiums earned

Also in 2020, actions were put into place to improve settlement processes for MV claims. For example, the **Black Box** project continued, with a view to boosting the effectiveness of the boxes and the set of data available, and the **Real Time 2.0** process was optimised in 2020, which envisages the opening of a claim from the moment of a crash detected in black box data, at the same time triggering initial contact with the policyholder and anticipating the information collection stage.
A number of benefits can be achieved with these processes: primarily the ability to combat fraud (strengthening prevention thereof), in addition to a reduction in claims management times and a decrease in the number of disputes, with the consequent reduction of the average cost and an increase in the settlement rate to the advantage of the insured customers as well.

In 2020 the **investment policies** continued to adhere, in terms of medium/long-term investments, to the general criteria of prudence and of preserving asset quality consistent with the Guidelines defined in the Group Investment Policy.
Specifically, financial operations were geared towards reaching profitability targets consistent with the asset return profile and with the trend in liabilities over the long-term, maintaining a high-quality portfolio through a process of selecting issuers on the basis of their diversification and strength, with a particular focus on the liquidity profile.

UNIPOLSAI AND PROTECTION

Customers

16.7 million
Insurance customers

25.9%
Impact of products and services of social and environmental value

81.5%
MV TPL claims settlement rate

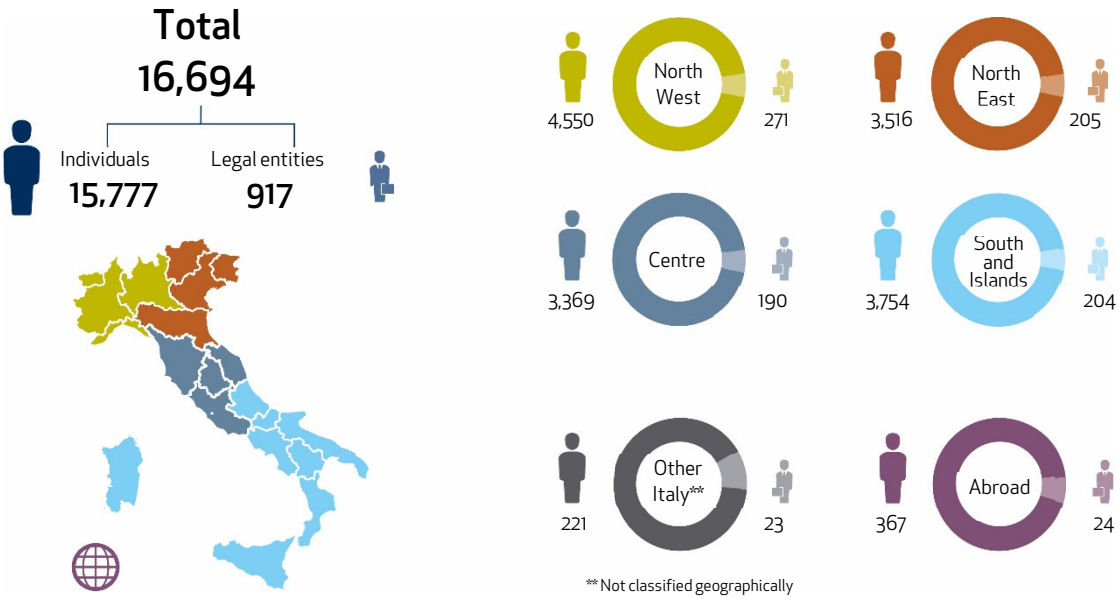
1.0%
Impact of the number of complaints on the number of UnipolSai claims reported

83%
Customer Satisfaction Index - MV Sector +5 p.p. compared with market standard

In 2020, the Group provided its services to **16.7m insurance customers**, both individual policyholders and those insured by collective policies, up by 3.4% on 2019.

Local customers/policyholders

(Amounts in thousands)



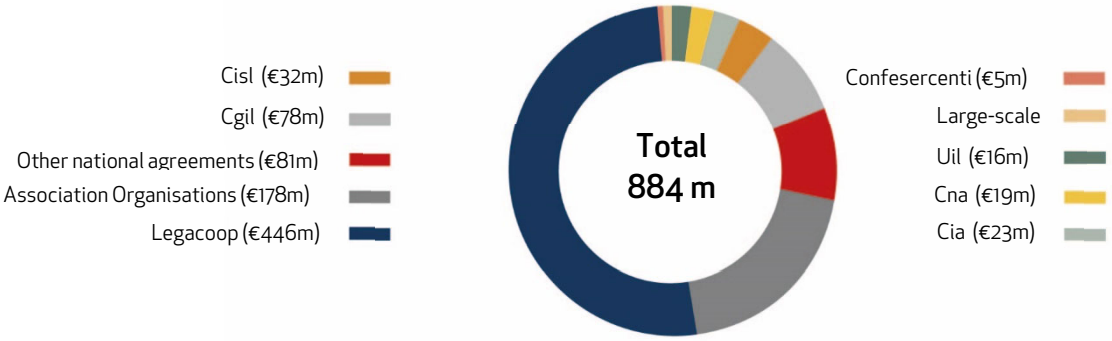
Within the framework of Legal Entities, the business world may be ascribed to two segments, namely small and medium-sized enterprises (SMEs) and Corporate, which differ in terms of characteristics and needs.
Within the UnipolSai Non-Life portfolio, businesses account for 27.8%, of which 12.5% Corporate and 15.3% SMEs. Among the business customers with a Non-Life premiums volume of more than €40m, the sectors most represented are real estate, construction, retail and wholesale commerce, specialist construction, third sector, energy providers and metalworking.

Presence in the Corporate segment is particularly significant in the business of UniSalute, which is concentrated primarily in the provision of group healthcare policies through Funds, Welfare Funds and mutual healthcare societies aimed at groups and companies of all sizes and sectors: handicraft businesses, banks and credit institutions, political institutions, supervisory institutions, trade associations and social security and assistance entities and supplementary sector healthcare funds. UniSalute is also a leader when it comes to the management of sector healthcare funds in Italy, managing 48 (45 through direct delegation) national sector healthcare funds, as a result of national collective agreements. 70% of the Fund members are located in the following regions: Piedmont, Lombardy, Veneto, Tuscany and Emilia Romagna.

In the SME segment, part of the Group's customers belong to a significant extent to Member Organisations, autonomous workers' organisations, associations of small and medium-sized companies (CNA, Confesercenti, CIA) and cooperatives (Legacoop) historically close to Unipol. This relationship has strengthened, particularly by entering into specific agreements, which represent a specific relational model focusing on the aggregation of demand by the members and associates.

Amount of premiums from agreements

(Amounts in €m)



In 2020, premiums from conventions with the Member Organisations amounted to €884m.
In addition, €535m in premiums were earned through Workplace Agreements and €5m from collective memberships associated with trade-union organisations and third-sector associations.

Outside Italy, UnipolSai also operates in Serbia: the subsidiary DDOR Novi Sad represents one of the main operators on the Serbian market with a portfolio of roughly 366k customers (5.5% companies), to which it provides Non-Life and Life services and products.

In a year marked indelibly by the health crisis, the Unipol Group confirmed its support to customers with flexible and targeted protection solutions to protect them from the vulnerability to which the pandemic exposed individuals and businesses alike.
The health emergency accelerated the implementation of several strategic areas in which the Group had already decided to invest, particularly process digitalisation, multichannelling and, in general, the use and leveraging of data, which are fundamental for the development of all areas of the Strategic Plan.

The Group has taken a series of **actions to support customers** which are briefly summarised below, the results of which, in terms of the creation of value, are described in more detail under the actions based on ecosystems (mobility, welfare, property).

The initiatives in support of customers included:

- **Un Mese Per Te [One Month for You]**: as mentioned previously, considering the improved incidence of claims due to the first lockdown, UnipolSai provided its customers with a voucher worth 1/12 of the MV TPL premium paid on policies effective when the initiative was launched, which can be used when the policy is renewed, valid until 31 May 2021.
- **Extension of the expiration of terms for the payment of premiums from 15 to 30 days** from the date of expiry for all Non-Life policies (MV and Non-MV). Extension to 90 days for the payment of premiums on Life policies falling due during the lockdown period.
- Free extension to cover customers **insured with health policies with daily indemnities also following at-home quarantines after testing positive for COVID-19.**
- **Medical consulting on COVID-19 24/7** through the UniSalute medical operation centre for policyholders with a health policy.
- **#UniSalutePerTe**: UnipolSai decided to give its 10 million customers, even if holders of just one Home or Life policy, a UniSalute healthcare policy to cover the potential consequences of COVID-19. The initiative can be enabled via the UnipolSai app by 31 March 2021 and offers specific free healthcare coverage.

Integration of ESG factors into insurance activities

In the insurance sector, the capacity to identify, evaluate and manage risks is an underlying element of the competitive capacity and long-term sustainability of a Company. In line with the positions of institutions and regulators, Unipol believes that the integration of risks linked to environmental, social and corporate governance factors is necessary for an increasingly improved understanding of the context in which the Group operates, a more aware assumption of risk and, finally, a greater capacity to provide a response to the needs of customers and communities by creating shared value.
Specifically, with reference to the sectors that present potential high exposure to ESG risks, the **Underwriting policy - Non-Life Business** includes two possible approaches:

- exclusion from the parties and/or risks that the Group insures, when the sectors to which potential customers belong have ESG risks that are not compatible with the Unipol Group's approach to sustainability and risk management objectives.
- the initiation of an assessment process that results in a decision on whether to move forward with the commercial relationship with the potential customer, once the ESG risks connected to the methods for managing activities within a series of sensitive sectors are considered.

Likewise, the **Underwriting Policy - Life Business** identifies, in relation to investment products, specific limitations in relation to sectors whose risk of generating negative impacts on ESG factors (and the resulting reputational risk) make them incompatible with the approach to sustainability and the risk management objectives of the Unipol Group.
The exclusions and assessment process do not apply in cases of underwriting products that protect the employees of policyholder legal entities in the event of illness and accident, according to the social role they hold with respect to the people in question.

In 2020, specifically with reference to ESG risk oversight in the Life Business, an evaluation process was defined as governed in the Management and sales network operating rules, which calls for a process of engaging a range of corporate players, over successive steps, for the management of critical or doubtful situations.
In the Non-Life Business, processes and instruments were activated to oversee the application of the Policy, which in 2021 will be formalised in specific company documents.
Investigations were performed with the involvement of the Sustainability Function, by performing detailed audits on exposed situations in collaboration with the company structures concerned. Overall, at the end of 2020, a total of eight cases had been handled, with the following results:

- **Reports considered not admissible**: 4, because relating to sectors or activities deemed excluded from the Policies (gambling; transport of weapons in countries in conflict);
- **Reports considered admissible**: 4, because relating to sectors or activities which based on a careful verification were found not to be excluded according to the Policies and/or because relating to the subscription of products which protect the employees of contracting legal entities in the case of illness and accident.

To provide a further impetus on this path, in early 2021 UnipolSai, through the parent company Unipol, signed the United Nations **Principles for Sustainable Insurance**, undertaking to integrate social, environmental and governance criteria within the core insurance business.

Solutions of shared value

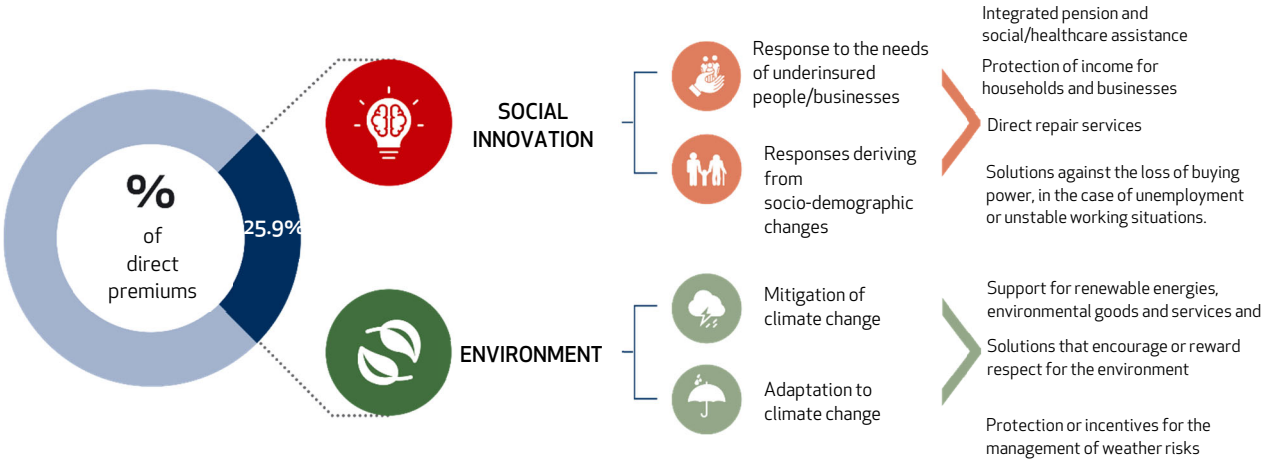
The Group's strategic objectives include the development of distinctive insurance solutions that integrate economic growth with environmental aspects and social factors, by creating value shared with its stakeholders and contributing to the achievement of the Sustainable Development Goals and the implementation of the 2030 Agenda as a whole.

In 2020, the UnipolSai Group collected premiums of €2,478m linked to solutions that integrate economic growth and social/environmental value, a share equal to 25.9%[16], up slightly compared to 25.5% in 2019. 95% of these premiums relate to the Non-life Business, where they represent nearly 30% of direct premiums[17] (up by 1 percentage point compared to the previous year). The limited increase is due especially to the unique events of the year 2020; on one hand, the focus of people and companies was on health risks and in this area, although the Group has developed a significant offering, many guarantees were extended free of charge, and on the other hand, many products oriented towards protecting from emerging risks were perceived by customers as less urgent.

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

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

Impact of products and services of social and environmental value



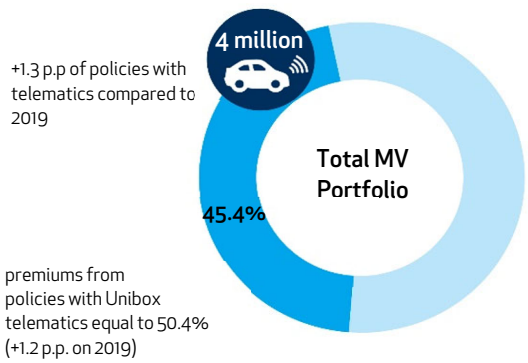
To ensure greater granularity, this representation does not include premiums relating to telematic devices. The impacts of black boxes, as specified in more detail below, regard both social aspects (in terms of security and combatting fraud) and environmental ones (promotion of sustainable behaviours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

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

Mobility

UnipolSai's contribution to safer mobility takes shape first and foremost through services linked to **telematics** which, applied to the 9.6m MV policies, generate a significant impact on the development of more connected and sustainable mobility.
In the course of 2020, the development of new responses to the evolution of the market environment and customer needs continued, also dictated by the consequences of the pandemic, which were guided by technological innovation and environmental attention, new ways of working and new consumption habits.
The company **Unipol Rental**, one of the main Italian long-term rental companies (a well as one of the companies most active in the field of electric mobility) gave further impetus to the innovative long-term rental service proposed by the UnipolSai Agencies, aimed at offering private individuals the chance of moving from car ownership to vehicle use while preserving their risk category and enjoying a range of services.
The proposal for the MV segment was expanded with the company **Cambiomarcia**, owner of an online used vehicle sales platform, which will enable Unipol to favour the development of the circular economy.

Policies with Unibox telematics out of the UnipolSai MV portfolio



The more than 4 million customers who have installed a black box (44% of the overall MV portfolio) benefit from the automatic sending of assistance when necessary, thanks to geolocation and the automatic acquisition of data enabling the prompt determining of the potential seriousness of incidents in order to send the most suitable assistance. The technology also offers new solutions to prevent and protect, like assistance services and dangerous driving style alerts.
Installing a black box is associated with an incentive to reduce the use of cars, by integrating mobility needs with other means of transport with a lower environmental impact. The "KM&Servizi" product provides for a "mileage" price option, where the premium is calculated based on a series of parameters, including kilometres travelled.

Thanks to the information available on mobility (data from telematics and data on claims, fully anonymised), UnipolSai, in partnership with local institutions and universities, has performed research to identify opportunities to develop more sustainable mobility (for example, to support the spread of electric vehicles and expand bike sharing services), taking into account changes in habits due to COVID-19.

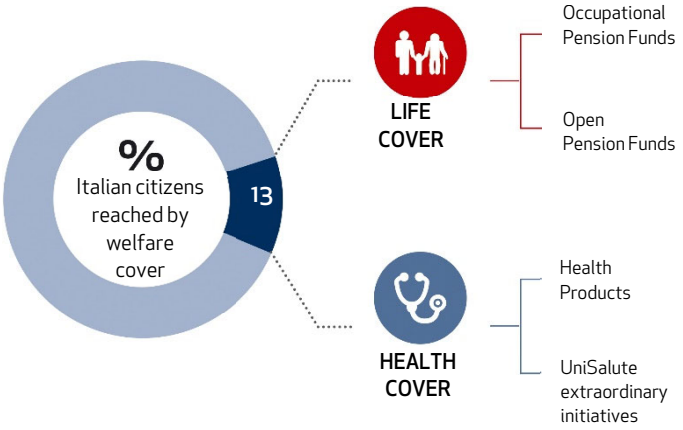
The UnipolSai Assicurazioni #UnMesePerTe initiative made it possible to disburse an average gross amount of roughly €35 for the over 3.5m vouchers used.
Arca Assicurazioni and Linear also changed rates and applied discounts taking into account the specific mobility conditions of 2020.

The Group's ability to respond to the overall and diversified requirements of those who get around by car is also demonstrated by the **UnipolSai App**, which integrates services such as the possibility to pay for car parks in the main Italian cities, fines and vehicle tax. Through the app, users can also receive notifications in the event of weather alerts which may cause damage to people and property.

Welfare

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

Impact of welfare cover on Italian citizens



In 2020, Unipol's role as a central player in the integration between public and private welfare emerged with particular emphasis; the Group's welfare cover (Health and Life) reached **13% of Italian citizens** (from 11.3% in 2019), also due to the #AndràTuttoBenefree product offered free of charge to UnipolSai customers in light of the COVID-19 emergency.
The responses defined to handle the pandemic necessarily privileged remote solutions; UniSalute established a remote medical consultation service on the coronavirus and a specialised service to make up for the suspension of the majority of the specialist visits to local healthcare units.

Thus there has been an acceleration of the implementation of innovative prevention models and patient management and treatment, including through the **IoT and Telemedicine**, in which the Group is making significant investments to boost the accessibility of its services.

Lastly, please recall that the Group, **since the start of the health crisis, decided to extend the daily indemnity for quarantine free of charge**.

During the health emergency period, new products linked to COVID-19 were launched:
- **#Andràtuttobene (Businesses)** and **#Andràtuttobene Premium (Retail)**, which include both specific coverage (e.g., daily benefits for hospitalisation, indemnity for intensive care hospitalisation) and dedicated services (including telephone assistance, video consultations and psychological support);
- **#Andràtuttobenefree:** free UnipolSai policy for customers dealing with hospitalisation caused by COVID-19, offered free of charge to customers who renewed a Non-Life (MV or Non-MV) policy expiring in March, April or May 2020.

Thanks to these initiatives, the Group offered its support in the case of a positive COVID-19 test to nearly **5m people**.

More generally speaking, **UnipolSai Salute&Prevenzione** was launched, a product that increases the healthcare range with coverage focusing on preventive care and on illness or accident diagnostics.

As regards services, the Covid Test Card was launched, which for a cost of €9 makes it possible to book blood and swab tests at subsidised rates.

In 2020, more than 418,000 Si Salute Cards were sold, thanks to which customers are able to obtain visits and exams and access physical therapy services at discounted rates at affiliated healthcare facilities (35,000 in 2019, the year in which the service was launched).

Healthcare policies are provided primarily to Unisalute Legal Person customers through Funds, Welfare Funds and mutual healthcare societies, which overall insure 10.1 million customers in 2020 (8.6 million customers in 2019).
2020 also confirmed UniSalute's position as the leading reference insurer in the world of work: it is the leader when it comes to sector healthcare funds in Italy, managing 48 (45 through direct delegation) as a result of national collective agreements.
These solutions are complemented by the activities of **SiSalute**, which offers non-insurance healthcare services, company welfare services and flexible benefits.At the end of December 2020, SiSalute reached 2.8m people supported, managing healthcare services and benefits for important customers. Unisalute managed 3,496,000 claims in 2020, 73% of which were for examinations by specialists, 22% for dental services and 5% for hospitalisations.

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

In the **supplementary pension plan** sector, the Group maintains a highly significant position, at 31 December 2020 managing resources totalling €4,012m and 21 **Occupational Pension Fund** mandates (17 of them for accounts "with guaranteed capital and/or minimum return") and assets totalling €914m with 41,427 members for **Open Pension Funds**, as described in more detail in the section "Unipol Group Performance".
The "**Bilanciato Etico**" segment, one of the seven segments of the UnipolSai Previdenza Open Pension Fund, invests its €65.4m in assets in a diversified portfolio of primarily bonds and, marginally, equity instruments in the Eurozone which are fully managed according to ESG criteria.
To complement the Life segment offer, the Group introduced the Investimento **MixSostenibile** multi-segment insurance proposal (with total premiums at 31.12.2020 of roughly 46m).
On specialised consulting, the Group continued to invest in hiring Family Welfare Specialists at the UnipolSai Agencies: there were 908 figures dedicated to consultancy for households on Individual Life and Individual General Classes products and services (Accident, Health, general classes professional damages) at the end of 2020 (+135 over 2019).

To complement the Protection offer, in November 2020 the new product UnipolSai TCM KeyPlayer began being marketed, a single-year insurance providing coverage in the case of the death of key players. This product expands the range of products covering the risk of death, insuring individuals holding strategic roles or who are difficult to replace in the case of their premature death, which would generate damages for their company.

Property

The Group satisfies security needs with new property protection services, both home solutions and services for Commerce and Business, investing in the integration between insurance, home automation and assistance. As regards the home, more than 11,200 policies were sold in 2020 (stable compared to 2019) with telematic devices that enable protection from the risk of theft or prompt intervention in the event of smoke, flooding and gas leaks.

In order to respond to the requirements of corporate customers, to a significant extent SMEs, the Group's offer has been integrated with services and conditions which, on the one hand, promote and support prevention, understood as an approach that facilitates the continuous existence of the insurability conditions of the individual actors and overall sustainability for the Company, and on the other facilitate the rebound in economic activities in the event of an accident which jeopardises this, by recognising this as a key element for the competitiveness of the parties involved.
The SME segment collected 10.6% of UnipolSai's total Non-Life premiums (or 27% of the Non-Life Non-MV premiums), amounting to more than €700m.
Product, guarantee and service development activities are oriented towards protecting businesses from the risks that have become priorities in the concerns of the production system, and which are growing in frequency, such as those linked to climate change, cyber risk and, in particular in 2020, the protection of health.

With regard to **climate change**, products and guarantees intended to mitigate the relative economic consequences (such as the "special biological" indemnity which increases compensation for farms working on this production, due to claims from atmospheric events), and those which support effective Disaster Recovery, work alongside prevention services and tools. Of these, the CRAM Tool, a climate risk self-assessment tool designed to help Italian SMEs to handle extreme weather and climate events, which was

used by 7,000 businesses by the end of 2020 (+1,000 compared to 2019). Further initiatives to combat climate change are described in the section "The impacts of climate change on the insurance business".

In a year in which digitalisation processes accelerated significantly, premiums for the "Cyber Risk" guarantee, applicable to various products for businesses and commercial activities, increased by 24% compared to 2019, offering concrete actions and indemnities for a broad range of cases, such as indemnity for expenses incurred to resolve software malfunctioning and restore damaged archives in the case of a cyber attack and that for the removal from the internet of information that is harmful to the reputation or for the undue use of data in the case of intrusion into the archives.

On **Health protection**, attention was focused on small and medium enterprises and professional firms, which on average have 2.5 employees and for which it is complex to obtain the regional authorisations based on individual protocols for returning to work. In collaboration with SiSalute, UniSalute developed the **#SicuriRipartiamo** initiative: a portal with services dedicated to the world of businesses to enable employers to reopen their business safety and reduce the risk of COVID-19 contagion, protecting worker health, in support and partnership with the public healthcare service. The area dedicated to companies features a summary updated in real time of national protocols in accordance with Prime Ministerial Decrees, explanatory infographics, FAQs and very useful video tutorials. The package, with the **#Sicuriripartiamo CARD**, also contains services dedicated to workers such as blood and swab testing, telehealth visits, specialised video consultations and home medicine delivery. The protocol was appreciated by the majority of the trade associations (Commercianti, Artigiani, Professionisti, etc).

As concerns the **Non-MV segment dedicated to SMEs**, as concerns support for the health emergency, a number of initiatives were deployed, including the extension (within the Income Protection guarantee) of COVID-19 cover in the case of illness and the suspension of activities in the Impresa&Servizi, Commercio&Servizi and Agricoltura&Servizi products. The PIÙ3 campaign instead involved the activation of a new contract - with a duration of at least 15 months - with the customer paying no premium for the first three months. This initiative, available on the Commercio&Servizi, Impresa&Servizi, Alberghi&Servizi, Agricoltura&Servizi and Infortuni Premium 2.0 products, was selected by customers representing 20.3% of existing policies.

The insurance solution for **Third Sector** entities, which allows for a high degree of customisation based on the various economic and social ends of the entities, provided an adequate response to specific protection needs which characterised 2020; at the end of 2020 the UnipolSai Terzo Settore policy received premiums totalling €3.4m (€2.7m in 2019).

There were 777 Business Specialists, specialised individuals in the UnipolSai Agencies who provide consulting to businesses and professionals (+128 compared to 2019).
The main objective of widespread local advisory services, with a strong range of solutions with more prevention, assistance, services and digital elements, is to provide responses to the priorities of businesspeople in many sectors struck by the crisis triggered by the pandemic, to resume quickly and take advantage of new opportunities. The solutions offered by the Group are flexible and meet the current main requirements of small-sized companies: guaranteeing business continuity, achieving administrative simplification, taking advantage of digital opportunities by strengthening the weight of e-commerce, investing in well-being and in the protection of people and lastly providing a greater push to exports.

Financial inclusion

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

Over €1.16bn of the Group's insurance premiums, Life and Non-Life, were paid by customers with a zero-rate instalment plan (€1.1bn in 2019). In addition, insurance proposals were developed for young people, who can take out social security cover with payments adjusted to their means. "Smart" cover is offered to micro-businesses and specific cover in the event of death and permanent disability following an accident are dedicated to non-EU citizens.

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

The impacts of climate change on the insurance business

After the year 2019 which was characterised by a significant impact of adverse atmospheric events, linked in particular to the hail events in that summer, the year 2020 was impacted to a lesser extent by claims from atmospheric events, which also had a unit value that was more limited on average. As a result, there was less recourse to the reinsurance structures dedicated to covering natural events. UnipolSai's claims of significant amounts, also not linked to natural events, grew compared to 2019, but did not give rise to excess of loss reinsurance recoveries, as they did not meet the priorities set forth in the treaties.
At 31 December 2020, the combined ratio - net of reinsurance was 87.2%, favourably impacted by the traffic limitations imposed by the government to mitigate the spread of the Covid-19 pandemic (94.2% in 2019). This includes 6.6% linked to atmospheric events and major claims, up compared to 2019 (in which it was 5.5%) due to the lower excess of loss reinsurance recoveries.

To combat the possible increase in technical risk due to the higher frequency and severity of claims in light of climate change, UnipolSai launched the "Atmospheric Events" Project, intended to equip the Group with tools (capital and pricing models, additional alert and prevention systems, new reinsurance cover) capable of supporting the development of products and the underwriting process in a market characterised by increasing demand. The initiatives in this area include:

- the use, when appropriate, of the **Copernicus Satellite Data** service for the geolocation and mapping of flood events, helping to identify flooded areas after the event takes place, and as a result the potential damages caused;
- the development of the **European Extreme Events Climate Index (E3CI)**, the first index in Europe for monitoring and managing the impact of extreme weather events;
- the creation of the **Advanced Lorentz Weather Data Collection Tool**, which allows settlement structures to optimise the management of claims caused by weather events, highlighting the location and intensity of the precipitation that generated them.

As regards the mitigation of climate change, please note products for sectors that are favouring the transition towards a lower-emissions economy, such as the "Energia Sole" product for businesses that generate energy from renewable sources, or products that reward virtuous conduct, such as the KM Servizi and KM Sicuri tariffs described previously.
As regards the adaptation to climate change, various services have been developed to favour risk prevention by customers, and as a result reduce potential damages. For example, as regards intense weather events, the Alert Meteo system, developed by UnipolSai in collaboration with DataMeteo® and Leithà, on the basis of a predictive model capable of warning customers in advance of the risk of strong hail, was extended to Linear in 2020. The initial analyses performed on the system's effectiveness showed a positive impact in terms of the decrease in the frequency of claims.

With reference to the activation of public-private partnerships to boost climate change resilience, in 2020 UnipolSai continued with its commitment within the framework of LIFE DERRIS, a public-private partnership project through which the Group implemented a consolidated engagement process aimed at SMEs (both UnipolSai clients and others), the public administration (Municipalities and Regions), representative organisations (Chamber of Commerce and trade associations) and civil society with regard to risks connected with climate change and the possible risk prevention and management measures for companies. In 2020, a partnership was activated with Legambiente Emilia-Romagna to boost the awareness of all local regional players through the organisation of online meetings and collaboration in the publication of a paper "The climate regards us: future risks in Emilia Romagna". Furthermore, along with CINEAS, guidelines were finalised on the prevention of climate risks, as an operational document intended for SMEs.

2020 also saw the launch of the LIFE ADA (ADaptation in Agriculture) project, which aims to increase the resilience of the agricultural sector, through the transfer of knowledge and the development of tools to support the decision-making process in the definition of efficient adaptation plans at farm as well as supply chain level. The project, which will last until December 2023, will involve UnipolSai as lead company and partners such as ARPAE Emilia-Romagna, Cia–Agricoltori Italiani, CREA Politiche e Bioeconomia, Festambiente, Legacoop Agroalimentare Nord Italia, Leithà and the Emilia-Romagna Region. ADA will be implemented initially in Emilia-Romagna and subsequently replicated in Veneto, Tuscany and Lazio, for a total of 6,000 individual farmers in the regions selected and 15,000 farmers at national level. The project's recipients are individual producers and producer organisations ("OPI" producers' organisations and cooperatives) in three areas: dairy/cheese (Parmigiano Reggiano), wine and fruits and vegetables.

From an initial application of the classification model, amongst Non-Life policies the percentage of premiums linked to Corporate and SME customers belonging to economic activities included in sectors considered in the EU Taxonomy[18] is 14%.

[18] To proceed with the analysis of the economic sectors present in the insurance portfolio on the basis of the Taxonomy's guidelines, the ATECO business codes corresponding to the NACE codes identified by the Taxonomy as economic activities that contribute to the mitigation of and/or adaptation to climate change were identified, using as far as possible the most precise NACE code (level 4). However, in the absence of available data on respect by companies present in the portfolio of the technical criteria defined in the technical annex to the Final report on the taxonomy (particularly in terms of thresholds), it was not possible to identify within the ATECO codes considered the policyholders that meet criteria on substantial contribution to sustainability as defined by the technical annex for each economic activity. Furthermore, please note that, in this initial analysis, economic activities were not taken into consideration that cannot be subject to screening due to a substantial contribution to none of the six environmental objectives, such as activities that are environmentally neutral (schools, hospitals, public administration services, etc.) but which should be considered potentially admissible for non-life insurance belonging to the economic sectors considered by the taxonomy.

With reference to shared value insurance solutions, those which integrate economic growth and environmental impact (in terms of the mitigation or and/or adaptation to climate change) earned €181.5m in 2020 (€167.8m in 2019), equal to 2.3% of direct premiums for Non-Life products (2.1% in 2019), for the sale of 1,881,475 policies.

In addition, there are the premiums associated with MV policies, which envisage the installation of a black box, representing 18.1% of direct premiums for Non-Life products (versus 18.8% in 2019).

Technology to support protection

In the UnipolSai strategy, technology represents an important enabler through which to achieve its programming, and is continuously enriched thanks to investments in innovation.
Investment in data, telematics and the application of Artificial Intelligence and Robotic Process Automation (RPA) generates real returns for the core business. The main effects are the improvement of the capacity to identify fraud, through the automatic and "predictive" flagging of suspicious claims; a reduction in the cost of claims; the expansion of knowledge of real customer needs and the subsequent creation of new services and products offered to customers in a range of segments (for details, please refer to the section "Proximity in the event of claims").

Technological evolution also involves the service companies and ecosystems.
In 2020, **ICT investments** amounted to €88m (€79.3m in 2019). 138 Terabytes of electronic data were managed (compared to 78.1 in 2019), marking a 76% increase linked to development in the projects based on telematics and process digitalisation and automation. The Group frequently involved and leveraged the contribution of start-ups, universities and research networks in the innovation processes.

Innovation projects per ecosystem

MOBILITY

EXPANDING SERVICES FOR CUSTOMERS AND AGENTS

- Virtual assistants based on AI Chatbots
- Fleet management services
- Telematic device for motorway toll payments
- App Services for payments in mobility
- Multichannel sales
- Remote sales
- Electronic device to increase the effectiveness of finding a stolen vehicle

EXPANDING THE OFFERING

- Personal Mobility Assistant
- Km0 car sales

AUTOMATING PROCESSES

- Automatic analysis of documents supporting claim management
- Accident image recognition
- Robotic Process Automation

IMPROVING UNDERSTANDING CUSTOMER NEEDS AND RELATIONSHIPS

- Social Intelligence
- App for dynamic customer feedback
- Platform for managing and monitoring customer relationships
- Active listening

PREVENTING AND PROTECTING WITH THE SUPPORT OF TECHNOLOGY

- New self-installing electronic device for 2-wheel vehicles without the need for battery connection
- Development of vehicle telematic box hardware with proprietary technology
- App to measure driving behaviour
- Solar dashboard
- New assistance services and dangerous driving style alerts
- Videocams for retail and heavy goods vehicles

STRENGTHENING TECHNICAL EXCELLENCE WITH THE SUPPORT OF TECHNOLOGY

- Big Data Analytics for Pricing&Underwriting Excellence
- Automatic analysis of documents supporting claim management
- Telematic accident reconstruction

WELFARE

IMPROVING UNDERSTANDING OF CUSTOMER NEEDS AND RELATIONSHIPS

- Platform for managing and monitoring customer communication campaigns
- Evolution of UniSalute digital touch points

PREVENTING AND PROTECTING WITH THE SUPPORT OF TECHNOLOGY

- Kit to monitor the health of the elderly

PROPERTY

EXPANDING SERVICES FOR CUSTOMERS AND AGENTS

- Gift Cards

EXPANDING THE OFFERING

- Utility Services in the Agency

PREVENTING AND PROTECTING WITH THE SUPPORT OF TECHNOLOGY

- Weather data processing to create hazard maps
- E3CI - an index supporting the analysis of weather risk
- Evolution of the home automation and service kit

STRENGTHENING TECHNICAL EXCELLENCE WITH THE SUPPORT OF TECHNOLOGY

- Support for outwards reinsurance in the General Classes

Key:

Customer relations

The focus on the customer starts at the launch of the commercial relationship and continues throughout it, right up to the activities aimed at monitoring customer satisfaction. New products and services, as well as changes to existing products and services, are subject to a preventive audit of compliance with applicable regulations, which takes into account their consistency with the expectations of the customers for whom they are designed, also envisaging monitoring over the entire life cycle.

Definition of new products and services

The Group's commercial action in 2020 was characterised first and foremost by the prompt reaction to the context created by the health emergency, to support the strong growth in demand for process digitalisation.
Through the simplification of activities in mobility and the new remote sales functions to support agency operations, the use of the advanced electronic signature (AES) increased by 70% and mobile and remote payments doubled compared to the previous year.
The app and website platform applications were enhanced, and the self-service range of services was available on the UnipolSai app was expanded with payment of policy and "blue line" parking slips, as well as the development of the #UnMesePerTe, #AndràTuttoBene and #UniSalutePerTe digital campaigns.
The expansion of digital solutions to commercial relations doubled the number of customers registered on the IT systems.

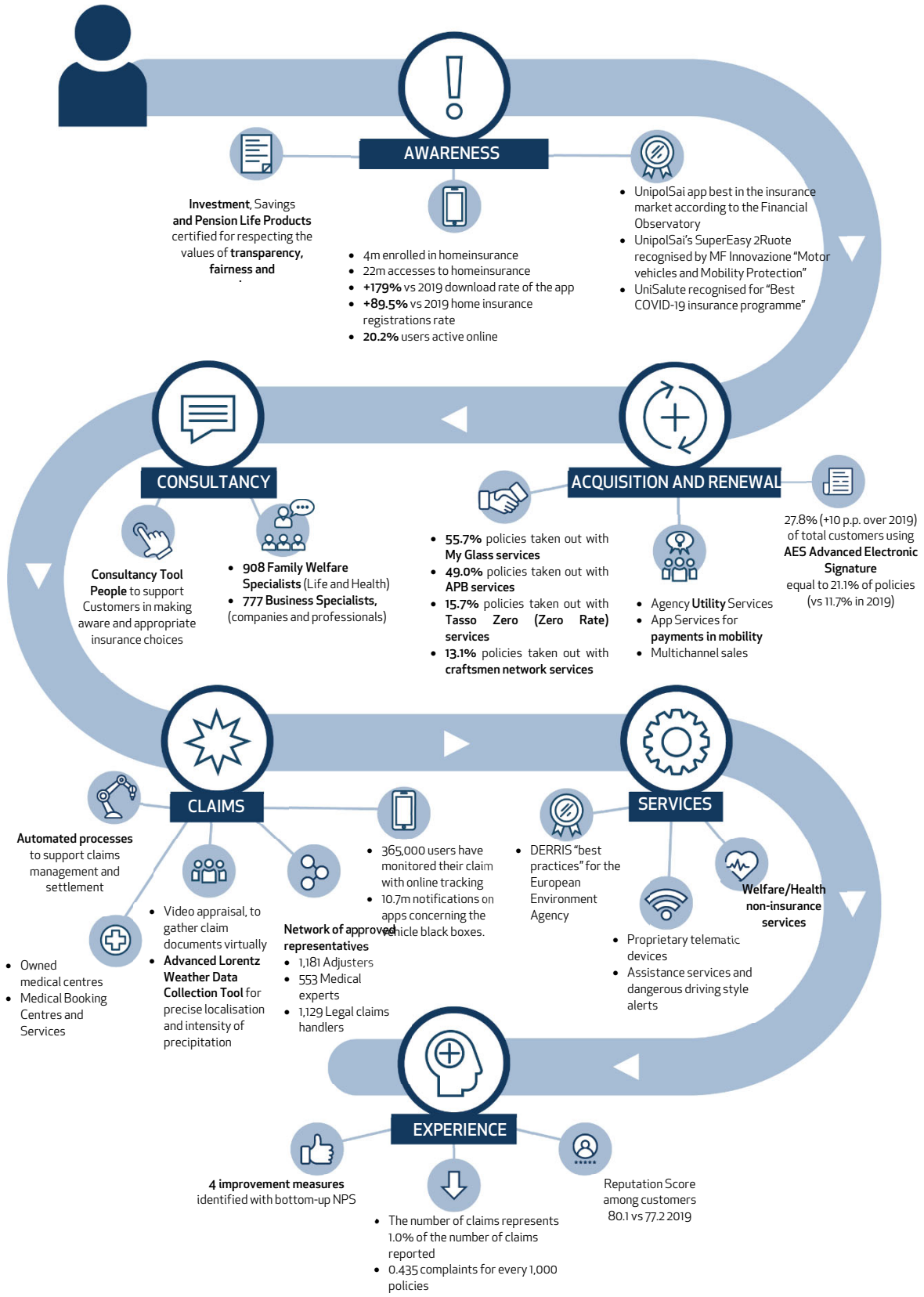
During the definition of new products and services, the Group places a particular focus on understanding insurance requirements, launching **listening initiatives**, both aimed at a wide audience (e.g. through surveys) and more targeted and restricted (focus groups and interviews), including through dialogue and cooperation with Member Organisations, which may lead to participatory planning opportunities. In the course of 2020, this second modality was highly impacted by the pandemic and the ensuing impossibility to carry out local activities and develop in-person relationships.

Customer Protection and Responsible Sales

The Group Companies draft offer documents as required by reference regulations, taking into account continuous evolutions on the matter, with an ongoing commitment to improving their transparency and simple language; this approach is also taken in advertising messages.
Life product Certification was confirmed in 2020 for all products in the Investment, Savings and Welfare ranges, requiring audit and quality certification of UnipolSai compliance in product regulations according to the values of transparency (complete, understandable and traceable information), fairness (clear and balanced cost) and product value (protection of capital and selected investments) by the certification body Bureau Veritas, regarding the processes of product development, investment and management of the post-sales relationship with customers. In this regard, a study[19] was performed on current and potential customers which showed the contribution of the initiative to the construction of credibility and trust: for 69% of customers (73% of non-customers), the certification influences the selection of Life policies, confirming the importance of values in the Group's commercial activities.

[19] Interviews conducted in November 2020 using the BVA-Doxa CAWI methodology on a sample of 1,200 individuals.

Customer Journey #alwaysonestepahead



Proximity in the event of claims

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

For claims in the MV Businesses, development continued in 2020 in relation to the "telematic settlement" process which makes use of the information provided by the black box in order to verify the actual dynamics of claims.
In the course of 2020, the Real Time 2.0 process was developed further. This envisages the opening of a claim based on the impact shown by the data from the black box.

Technological evolution also involves the service companies and ecosystems. In the management of **claims with injuries**, the evolution of the semantic engine that reads Emergency Room certificates makes it possible to promptly identify major injuries, allowing for a prompt assessment by the adjuster.
With respect to the use of telematic data during the settlement and their use for an improved assessment of expected risk, a greater percentage dissemination is confirmed in areas where there have been historically higher numbers of claims, in particular with injuries, as well as higher cases of fraud. Against 50% at national level, the claims supported during the investigation phase by the presence of the black box represent 70% of the total in the South and Islands, which helps to limit the total average cost of claims managed in those areas.

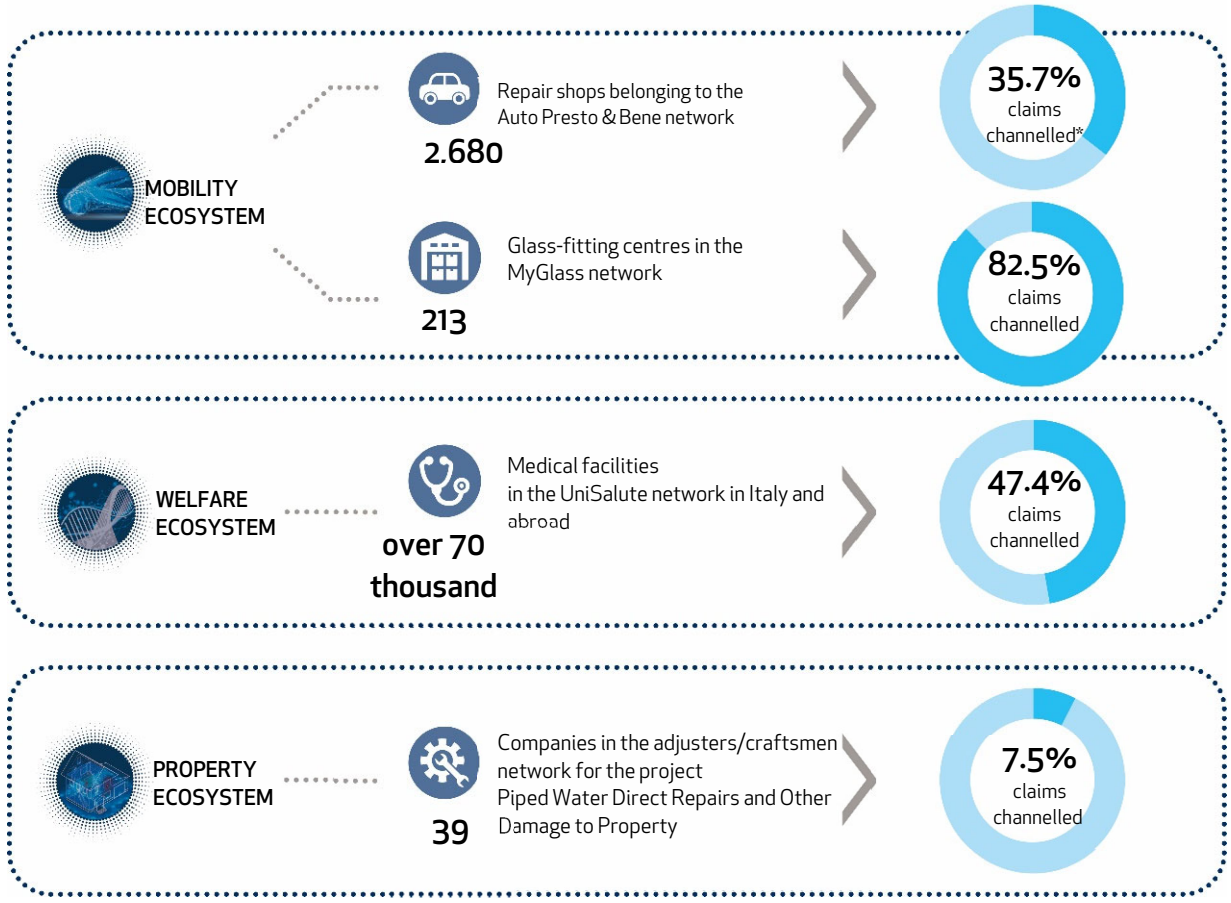
The 2020 figures were subject to obvious performance discontinuity as a result of the COVID-19 pandemic and the heavily restrictive measures on road traffic circulation introduced to limit its spread: strong decrease in Current MV TPL claims and significant changes in the trends normally seen in terms of settlement performance, such as settlement speed and average cost of claims.

The Group's settlement model also includes a specific service for those injured with minor injuries (in relation to MV, Accident or General TPL policies), who have the option to perform the medical-legal examination directly at the Medical Booking Centres (CPM), located at the Company's Regional Settlement offices, to then to be paid promptly. The UnipolSai app can be used to book the visit directly the 80 CPMs and the 319 local Medical Booking Services (SPM). The percentage of jobs assigned in the CPMS declined by 34.6% in MV TPL due to the COVID-19 emergency. In these cases, the benefit, in terms of lower average cost, was €300, equal to a savings of roughly 12% with respect to "traditional" settlement management. The percentage relating to Accident and General TPL claims, in December 2020 was instead 25.5% and 15.4%, respectively.

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

This internalised service model ensures a significant savings, in addition to the level of service assured by the Group's expertise in choosing its partners.
The percentage of policies taken out with additional services was 49.0% in the case of Auto Presto&Bene (45.5% in 2019) and 55.7% for My Glass (40.6% in 2019), 13.1% for the craftsmen network (13.9% in 2019) and 15.7% for zero-rate financing (14.9% in 2019).
Repairs channelled to the affiliated facilities generated significant effects in terms of customer retention: amongst customers with claims and channelled, the percentage of renewal, in the case of Auto Presto&Bene, was 93.7% in MV TPL and 89.9% in Land Vehicle Hulls; in the case of My Glass, the retention was 87.6% while for the craftsmen network the percentage was 97.2%.

The impacts of direct repair and channelling



*the figure includes only the MV TPL business.

Satisfaction monitoring

In the Customer Satisfaction survey performed in 2020[20], UnipolSai was ranked first, surpassing the traditional Companies market by 5 p.p.[21] in the overall assessment.

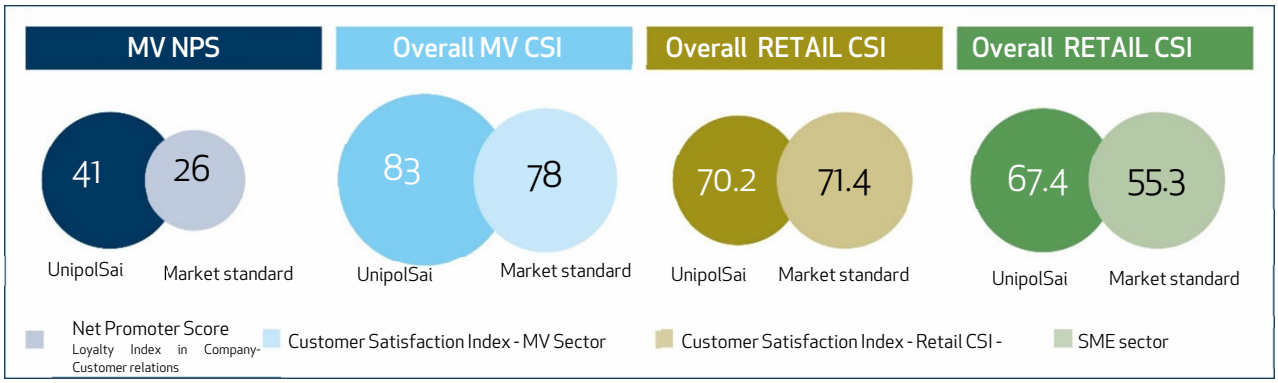
Satisfaction linked to the relationship area made a decisive contribution this result, obtaining an assessment of 86 compared to 79 in the traditional Companies market.
The element in which UnipolSai is most recognised is claims management, in which it received a score of 87 compared to the market benchmark of 82.
The Overall indicator, which shows on a scale of 0 to 10 how positive the image of a Company is as perceived by its customers through the question: "In summary, how satisfied would you say you are with the Company overall?", assigned UnipolSai a score of 8.3, compared to a market benchmark of 8.0.

Also the "NPS" *(Net Promoter Score)* MV customer satisfaction indicator is higher than the market benchmark. Within continuous surveys[22], the overall customer results show satisfaction with UnipolSai unchanged and in line with the market amongst natural person customers, while corporate customers improved their opinion in 2020, bucking the trend with the market losing nearly 10 percentage points compared to 2019.

The MV TPL customer loyalty rate is high: 86.25%, compared to a market average of 82.75%.

[20] The interviews, performed with the CAWI methodology, were performed at the end of 2020 and the customers interviewed totalled 3,782, of which 1,446 UnipolSai customers (900 from the random list provided by the client and 546 from the Nexplora panel).
[21] In 2020, the survey was amended to improve it and make it more consistent with the analysis of customer and market requirements. However, this means that the results are not comparable with the prior year.
[22] Multifinanziaria Retail of Ipsos which makes it possible to understand the financial decisions of households and individuals aged between 18 and 74 years, representative of 21.1 million nuclear families. The sample data are collected through 5,000 annual face-to-face interviews with financial decision-makers, surveyed during two half-yearly waves of 2,500 interviews. While for Multifinanziaria Aziende this is a periodic monitoring system which goes into detail on the needs of production companies in Italy and their relationship with the entire financial system. Roughly 1,600 interviews were held with Owners, CEOs and CFOs of companies in the Industry, Services and Commerce sectors.

Customer satisfaction survey - Italy



During 2020, the internal bottom-up NPS detection process that correlates the service provision processes with customer satisfaction continued. The model, aimed at seeking opportunities for internal improvement, is currently identified on 17 interactions (points of contact) between customers and the Group throughout the entire relationship, composed of 24 Interactions. Thanks to the increasing focus on listening to customers for the optimisation of processes and procedures, 4 macro improvement measures have been identified.
The macro actions consist of actions of systematic re-contact with detractor customers to reconstruct a not always functional relationship, effectively provide customers with the possibility to share their opinion on high quality services, continuous analysis by internal committees of the data provided by NPS on customer satisfaction to take direct action with suppliers of customer services and the activation of electronic projects for policy renewals, including for local physical Agencies.

The annual UniSalute customer satisfaction survey, conducted through CAWI on a sample of 2,000 policyholders who have made at least one claim, showed average satisfaction with the services of 7.1 (out of 10), in line with the previous year. UniSalute performed an investigation on the level of satisfaction with the approved facilities. Overall, the survey showed an average vote higher than 8 (on a scale of 1 to 10). Satisfaction was up in particular for facilities, specifically for their service elements, such as orderliness and cleanliness (8.5) and the medical service received (8.4). The level of satisfaction for the approved facilities was stable in terms of regional coverage (7.2) and cost-effectiveness of the facilitated rates (7.7).

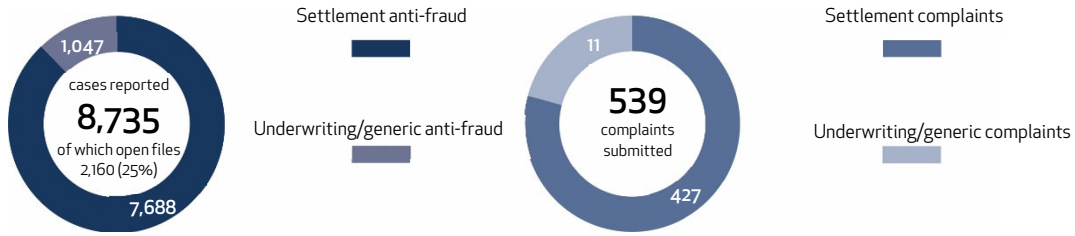
Anti-fraud measures

Combating fraud is essential for the insurance business, not only in the interests of the Company but also and above all to protect customers who have acted correctly.
The **Anti-fraud** Function at UnipolSai carries out activities to prevent, detect and combat fraudulent conduct that damages the Company itself and the other Group Companies not equipped with a dedicated independent structure; the object of these activities is to combat fraud in both the insurance and settlement fields.

In 2020, the improvement in the criteria adopted to identify fraud continued, to guarantee the Company an adequate and constantly growing system to combat fraudulent phenomena. In particular, **the anti-fraud engine**, adopted in 2019, evolved by refining the innovative technological solutions in the field of data management, artificial intelligence and predictive learning, making the process more efficient and enabling the automatic identification of suspect claims and the analysis of relations between the various parties involved in the claims. Amongst the additional investments for combatting fraud, fine-tuning continued on the platform created to identify the correlation between events and individuals and perform advanced research more easily, in order to support the Special Claims Areas in their investigations.

During the year, to supplement the work conducted by the Group's Lawyers and Anti-Fraud team, the Special Areas of the Claims Department analysed over 28k reports of suspect transactions during the settlement phase. Depending on the results of the investigation the claims managed by the Special Areas may be reported to the Anti-fraud Function for possible criminal action, closed with no further action, concluded with a reduced settlement or settled in full if proved genuine.

Anti-fraud: Cases reported, verifications, complaints



Complaints management

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

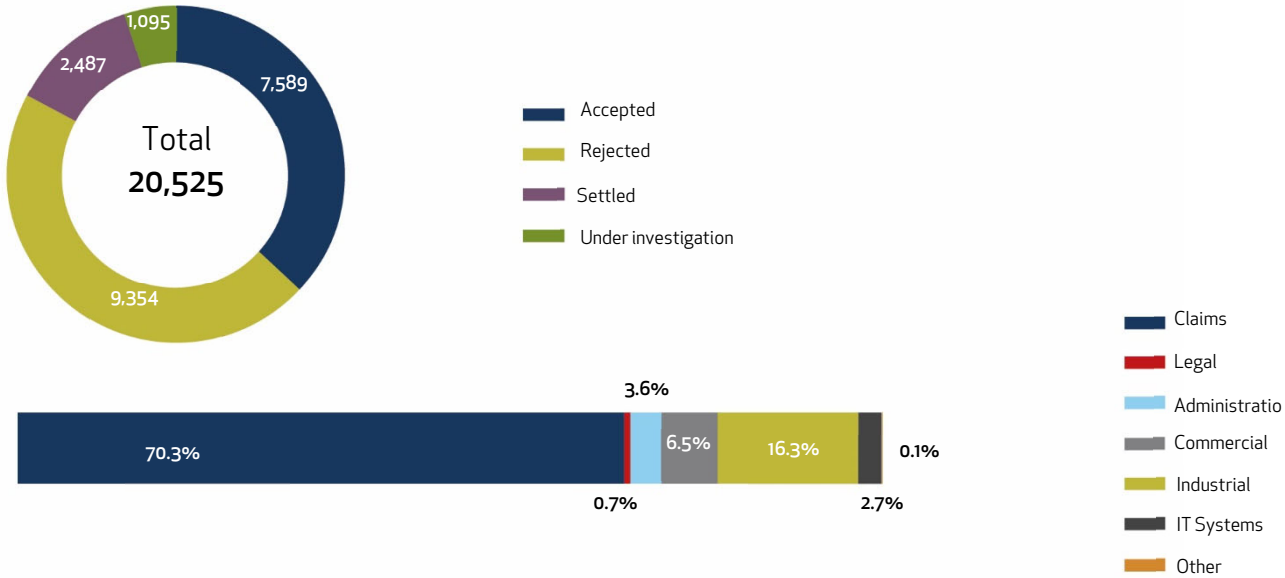
In the course of 2020, IVASS complaints addressed to the Group's insurance companies totalled 20,525, while those addressed only to the company UnipolSai Assicurazioni came to 15,567, up by 16% compared to the previous year; this increase is also linked to the extraordinary campaigns related to the COVID emergency, which recorded difficulties in access to the services and discounts provided digitally by a segment of the population not very well-versed in the use of these instruments. The number of complaints for every 1,000 UnipolSai policies was 0.435 (0.401 in 2019), while the percentage of claims generating a complaint increased from 0.7% to 1.0%.

In terms of complaints management, with respect to the previous year, the response speed indicator was stable, as was the incidence of complaints closed with respect to the total received. On the other hand, the percentage of complaints accepted out of the total was up by 6 percentage points; those settled and rejected declined by 5 points and 1 point, respectively. Claims in the investigation phase, which make up 5% of the total, were stable.

In terms of the company areas subject to IVASS actions (reports and follow-ups), the comparison with the same period of 2019 shows that the increase concerned all areas, with the exception of Administrative, IT and Legal.

As regards the non-insurance companies, Gruppo UNA S.p.A. received 29 complaints during the year (105 in 2019, down due to the closure of hotels as a result of the COVID-19 pandemic), which were managed directly by the hotels (26) and the Registered Office Functions (3).

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



The Distribution Network

7,933
Agencies and Sub-agencies

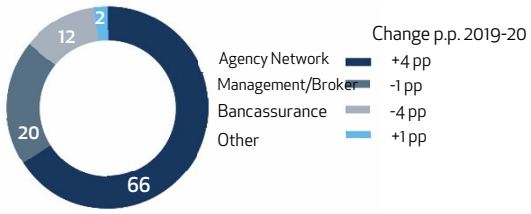
5,362
Bancassurance branches

296
Assicoop points of sale

32,310
Primary network agency partners in Italy

€ 1.797 mln
Direct investment for the training of the sales network

Breakdown of premiums by channel

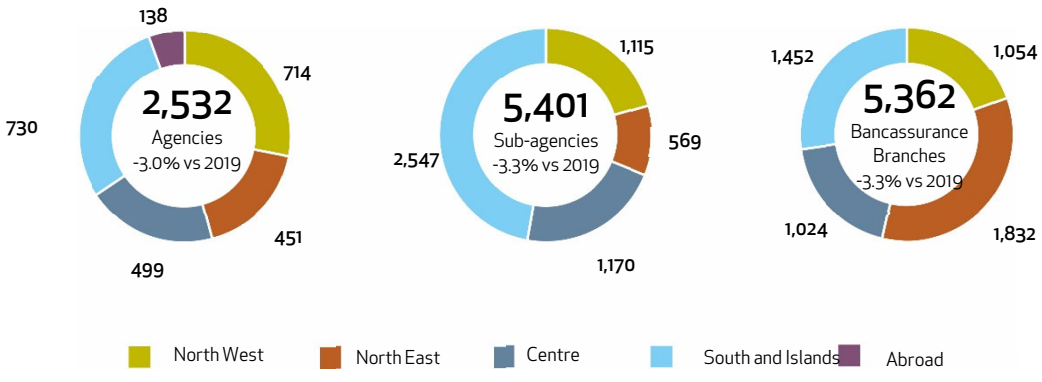


The UnipolSai Group is composed of companies with their own specific features and specialisations derived both from the histories of the individual businesses handled and from the strategic models applied to distribution.

The geographical presence of the distribution network

At 31 December 2020, the Group covers the Italian territory through an extensive network of agencies and sub-agencies employing more than 32k qualified professionals (of whom 4,147 agents and 473 multifirm agents), in addition to 594 brokerage firms and points of sale that are part of the bancassurance partnership, spread throughout the country.

Local distribution network



The process of consolidating and optimising the Network's geographical coverage, which cut across the entire Business Plan, continued effectively in 2020 as well. In particular, 236 reorganisation interventions were conducted aimed at consolidating and optimising the geographical coverage by the agency network; 145 of these were combinations with conferrals of portfolios, i.e. operations aimed at promoting the growth of the agencies involved. The numerical reduction was made according to a market repositioning rationale: in response to increasingly fierce competition, it became necessary to employ a structured approach with respect to customers, with specialised and expert intermediaries and a geographical coverage that could not do without the sub-networks.

There has thus been a growth in the size of agencies and their development into a more managerial model which makes them more robust and better structured as regards organisation. During 2020, the average size of the agencies rose by 2.9% (vs 7% in 2019), the average number of sub-agents per agency increased by over 6% (vs 4% in 2019) and the average number of employees per agency by 4.4% (vs 3.5 in 2019). 18% of agencies are found in municipalities with fewer than 15,000 inhabitants, while 11% of agencies are located in the 4 main metropolitan cities with over 700,000 inhabitants (Milan, Rome, Naples and Turin).

The local presence is characterised by the five Corporate Agencies (Assicoop) that provide their services through 296 points of sale (294 in 2019) located throughout Emilia Romagna and Tuscany.
The Assicoop ownership structure sees the participation of Cooperatives, Political/Trade Union Organisations and Employee and SME Representatives, as well as significant representation from the Company.
In 2020, the Assicoop guaranteed services to over 421k customers (-2% compared to 2019), with premium income of over €662m (-4.6% on 2019).

Outside Italy, the Group operates in Serbia through a multi-channel network made up of both internal and external structures. The 135 points of sale rely on roughly 970 external partners and employees to provide services mainly in the northern part of the country, supported by direct sales channels through the Internet.

Relations with the Network

The second-to-none coverage was also made possible thanks to the innovative **Patto UnipolSai 2.0**, the supplementary agreement applied within the agency distribution network and the improvement of distribution agreements with the partner banks.
The sales network is continuously involved, particularly through interactions with the AUA (UnipolSai Associate Agents) Agent Group, which is the result of the unification of the five previous Agent Groups representing the various company areas that have merged into UnipolSai.
In the spirit of the Patto 2.0, the meetings and operating sessions focused in 2020 on the relationship between the Company and the Agency Network, based on respect for the reciprocal business interests and inspired by the principles of fairness, transparency and collaboration on matters of shared interest, such as: the identification of improvement solutions; the creation of new products and services; management of the Covid-19 emergency; training; the improvement of management procedures; the sharing of commercial and marketing, management and operational initiatives and, more generally, all innovation processes that the Group is working on. 2020's activities were structured into 16 meetings with the Agent Group chairmen, 55 Technical Committees and 27 operations work groups.

In the course of 2020, UnipolSai, in continuity with what was done in 2019, supported its distribution network in sales initiatives and in the management of relationships with customers through CRM/Leonardo (Customer Relationship Management tool). These tools grow and evolve in synergy with the evolution of business activities and allow for efficient management in all customer relationship phases.

In terms of the actions and initiatives put into place in relation to the evolution of the health emergency and the associated regulatory measures, already at the end of February 2020 a permanent roundtable group was formed with agent representation, to define actions supporting the liquidity situation as well as safety.

The Company revised its commercial plans and adopted a series of measures intended to guarantee the business continuity of the Agency Network, with the primary goal of demonstrating proximity to the needs of Customers.

The **liquidity** support actions included:
- early payment of commission incentives and contributions for the year 2019;
- suspension until the end of the year of the reimbursement repayment plans, with the option of deferring the entire plan with no additional cost to the agents;
- extraordinary support to agencies with liquidity issues by paying fees early commensurate with the estimated reduction in collections in the March-June 2020 period compared to the same period of the previous year.

The actions to support **operations** included:
- enabling all Agencies to make mobile remote sales by strengthening multichannelling functions;
- activation of the dedicated UniSalute Medical Centre service for all agents, sub-agents, producers and employees of the agency networks;
- establishment within the Sales Department of dedicated crisis units to handle any closures of agencies or points of sale on the basis of measures of the Health Authorities;

- support with the provision of health materials and personal protection equipment for the Agencies.

In general, 2020 was characterised by acceleration of agency network digitalisation processes: today, all the agencies have mobile operations capacity for consulting, quotes management, policy issue and payments.

To support agency operations during the lockdown, new remote sales functions were implemented (for example, extensions of the advanced electronic signature, new payment methods via SMS and Virtual POS).
The initiatives resulted in a 70% boost in the use of advanced electronic signatures (AES) and payments made in mobility and remotely more than doubled compared to the previous year. The number of customers registered with home insurance also doubled (more than 4m enrolled, recording more than 22m accesses).

In compliance with the provisions of IVASS Regulation 41, the Customer is able to access a reserved area to independently renew the policy as well as carry out other operations. Through a system of notifications and dedicated monitoring, CRM/Leonardo allows the Agencies to be continuously updated on the operations of their Customers in order to be able to offer them prompt support.

For further results of the digitalisation initiatives, please refer to the "Our protection role" section

Activities already started in the past continued in order to support business development in line with the objectives of the business plan with the hiring of the following professionals:

- **Business Specialists**, who represent the reference persons in their dialogue with the Agencies and professionals, with whom they liaise with the objective of increasing the productivity and competitiveness of the client companies. At the end of 2020, the Network of Business Specialists consisted of 777 professionals (+128 compared to 2019);
- **Family Welfare Specialists**, 908 figures (+135 over 2019) dedicated to consultancy for households on Individual Life and Individual General Classes products and services (Accident, Health, general classes professional damages);
- UnipolSai Organisational Structure composed of Welfare Consultants and tasked with supporting the Network in developing Welfare Plans dedicated to Entrepreneurs, their Companies and Employees.

The UnipolSai Group made training courses available for the entire sales network during 2020, partly to fulfil its duty to do so but mainly to develop the expertise of its intermediaries.

With a **direct investment of €1.7m**, over 892k hours of training have been provided to employees in the sales network (including those abroad and employees of the partner banks of the bancassurance companies).
With the suspension of classroom courses at the end of February due to the health emergency, the redesign of many initiatives led to the wide-scale use of webinar and videoconference based training activities, in addition to digital learning.
Particularly with regard to the agency network in Italy, 8% of the hours were provided as classroom training and 92% in remote training mode. Thanks to these methods, the percentage of the agency network trained in Italy is 79%.
There were an average of 22 hours of training per capita for the agency network and 18.7 for the sub-agency network. With respect to the distribution of training by gender, women received 18.1 hours of training on average, while men received 20.2.

Amongst the most significant training requirements, also in light of increasing digitalisation, is the spread of an IT security culture; in 2020 "Cyber Security Awareness 2020" was made available, an additional online module going in depth on the risks linked to cyber security and in particular the various forms of phishing - link manipulation, providing instructions for the safe use of the web. At the end of 2020, cyber security courses had reached 7,540 people in the Network, for a total of 29,164 hours.

Training the network in Italy[23]

Primary agency network training (agencies and bancassurance channel)	31/12/2020	31/12/2019
Number of participants (distance training, classroom, webinars)	263,293	266,114
Number of resources (distance training, classroom, webinars)	15,894	20,951
Number of courses (distance training, classroom, webinars)	397	421
Number of Man-Hours (distance training, classroom, webinars)	351,883	435,555
Secondary network training (sub-agencies)		
Number of participants (distance training, classroom, webinars)	348,180	344,697
Number of resources (distance training, classroom, webinars)	24,434	33,615
Number of courses (distance training, classroom, webinars)	378	346
Number of Man-Hours (distance training, classroom, webinars)	539,877	690,258
Total network training		
Total participants (distance training, classroom, webinars)	**610,473**	**610,811**
Total resources (distance training, classroom, webinars)	**40,328**	**54,566**
Total courses (distance training, classroom, webinars)	**775**	**767**
Total Man-Hours (distance training, classroom, webinars)	**891,760**	**1,125,813**

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

- The **IMA Master Course - Agency Innovation Manager** (third edition), which since October 2019 has involved an additional 24 high-potential agents. The project aims to develop an innovative business model regarding Agencies in the near future, associated with topics also presented in the new Group Business Plan. As a result of COVID-19, the course continued remotely and will be completed in April 2021.
- The "**BPR4 Project - Assessment for independent transfer from A1 to A2**". In line with the Business Plan and in close partnership with the Non-Life and Claims Technical Division, this complex project aimed to review and automate the underwriting process in reference to the new autonomous agencies Model. The assessment sessions continued on 4 classes (Accident, Theft, TPL and Fire), with the aim of transfer from autonomous level A1 to level A2. The project also involved classroom programmes, for now in virtual mode, which will continue in 2021.
- The "**Family Welfare sales evolution 20/21**" course (two editions which started in July and November, respectively) for 250 Family Welfare Specialists and focused on three main activities: Know-how (planning, scheduling, activity monitoring), Interpersonal skills (communication and engagement), Knowledge (technical insurance, markets, products).
- The "**Master in Risk Management**", a two-year course dedicated to 150 Business Specialists. In 2020, the third continued, while the fourth began and was carried out to a significant extent and lastly the programme of the fifth was presented (with a kick off).
- The "**Make the Difference**" course, which began in June and is still under way, intended to strengthen the skills and commercial proactiveness of Agency Front Office personnel (involvement of roughly 6,000 resources expected). Planned in synergy with the Agents councils and the Sales Department and provided remotely, it includes a preparatory online course and 8 training videoconferences with an internal/external instructor and agent trainers.
- The "**Costruiamo il futuro**" (Let's build the future) course, targeting the UnipolSai Agents of tomorrow, to build a new Agency model consistent with the Group Business Plan. After beginning in July 2019 with a kick off and four Area launch meetings, it concluded in November 2020, involving 35 Agent Candidates identified by the Sales areas, supported by Mentor Agents.
- The "**Welfare and Life Master's Programme**". Carried out in concert with the Welfare and Life Department, it involved 148 private agencies and two corporate agencies. After beginning in November 2019, it ended in December 2020, featuring modules on technical, tax and labour law matters relating to company welfare, with active student participation through project work and remote negotiation simulations.
- "**The Reinsurance Contract**", an online course providing basic information about complex reinsurance processes, in which the main characteristics of reinsurance are analysed in detail, focusing on the definition of reinsurance and the peculiarities of the reinsurance market.

[23] The data do not include training provided to the MyGlass network. The employees of the MyGlass network members were provided with dedicated commercial training primarily relating to approaching customers with respect to the activity of MyGlass. Overall, it reached 39 people for a total of 129 man hours, equal to 3.3 hours on average per capita. Abroad, in Serbia, Network training was provided to 204 people, for a total of 441 man hours.

The satisfaction and loyalty result for the network of UnipolSai agencies shows an improvement compared with the previous year: in 2020, the agent evaluation score was 3.47 on a scale from 0 to 5 (compared with 3.39 the previous year), better than the market which, on the same index, reached 3.23.
Specifically, appreciation of factors such as the comprehensiveness and modular nature of MV rates with respect to the market, the intuitiveness of electronic support and systems, quality and the efficiency of the underwriting offices drove this growth.

During the 50th anniversary of Earth Day, the launch of the **Sustainable Agencies** project was announced. The project is part of the 2019-2021 Strategic Plan and meets the needs of the "Guidelines on reporting climate-related information" published by the European Commission in 2019. The goal is to enhance the agencies with a "certification" of their environmental and social sustainability, within a context in which attention to environmental matters is constantly on the rise. The certifications will be issued in partnership with Legambiente, a recognised and well-established Third Sector player, and may be exhibited by the agencies as a veritable "label of quality". The project began with a pilot phase involving 11 agencies located throughout the country; these agencies were provided with a tool to map their virtuous behaviours in order to obtain the certification, and it will be gradually extended over the coming years.

UNIPOLSAI AND INVESTMENTS

61.3
€bn in assets

98.0%
of assets proved sustainable following ESG monitoring

609.4
in thematic investments in support of the SDGs

The Company UnipolSai manages a portfolio of over 60bn in assets, if we consider both listed and unlisted securities, composed of direct investments or investments through funds in government bonds and corporate bonds and funds.

Investment policies

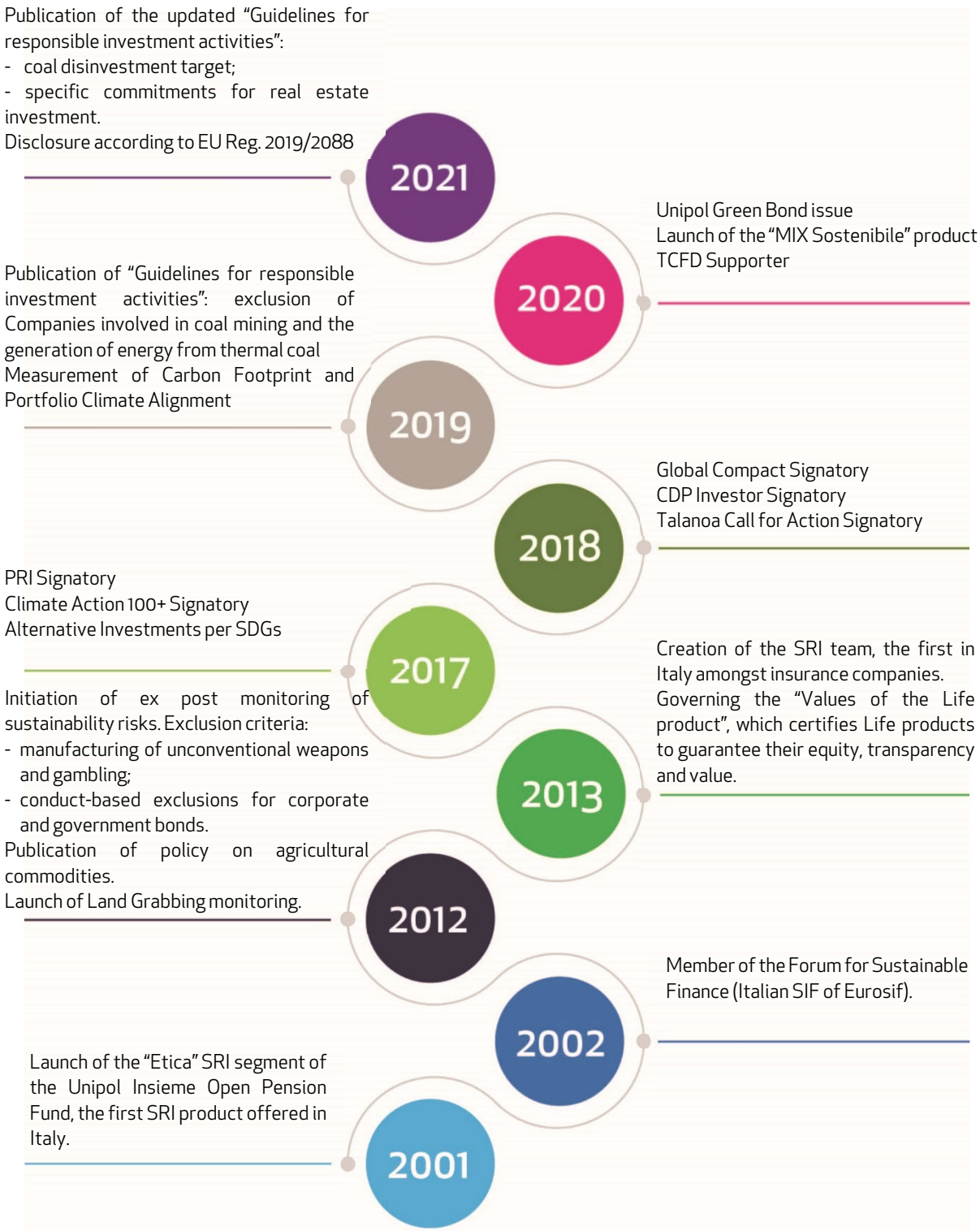
The UnipolSai strategic investment policy defines investment activity on all the assets of the Company, according to the nature, magnitude and complexity of the risks characterising the corporate activities, based on principles of prudence. In this context, this establishes, inter alia, the medium/long-term strategic breakdown of the investment portfolios and defines the guidelines for responsible investing activities, in order to identify and manage specific risks that assume significance with reference to ESG (Environmental, Social and Governance) factors and financially support sustainable development.

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

In **December 2019**, the Group's Board of Directors approved the "**Guidelines for responsible investment activities**", an integral part of the Investment Policy, which formalise UnipolSai's commitments to integrating risks and opportunities connected with ESG factors into the investment decision-making process. The point of reference when it comes to implementing the Unipol Group's SRI strategy is the United Nations Global Compact, which, through its four pillars, addresses all the fundamental topics of the three ESG dimensions: Environment, Human Rights and Labour, Corruption (Governance).
The Guidelines envisage the **ex-ante** *integration* of ESG Factors into the decision-making processes for financial investments, by adopting SRI screening strategies[24] based on **norm-based screening** and *exclusions*, in reference to the Class C Life and Non-Life portfolios.

[24] Sustainable and Responsible Investment

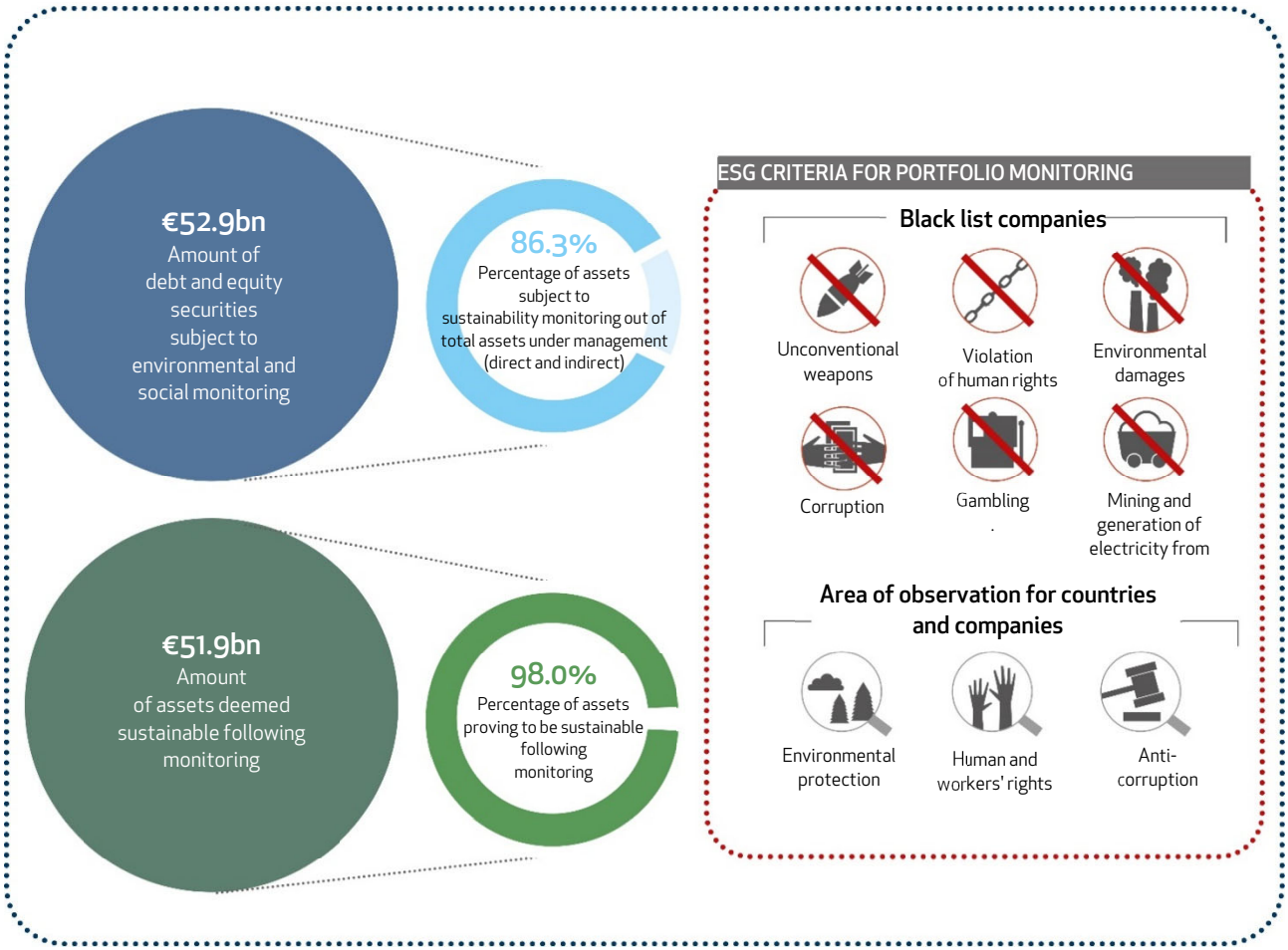
UnipolSai's Sustainable investment process



For more details on the Guidelines for responsible investment activities, refer to the "Sustainability - Download Centre - policies and regulations" section on the Unipol Group website.

The Group also continues to perform **ex-post monitoring**[25] of its own assets in accordance with the criteria defined in the Guidelines, including the remainder of the financial assets[26] portfolio in order to have a broader awareness of the risks associated with sustainability in its own investments.

Assets subject to sustainability monitoring and percentage of investments satisfying sustainability monitoring criteria



The ESG analysis, which covers nearly 7000 companies, is performed with the support of a company specialised in the assignment of ESG ratings and the construction of sustainability indexes.

The rating criteria for the assessment of compliance with ESG principles of issuers are inspired by the principles defined by international bodies such as the Universal Declaration of Human Rights; ILO - International Labour Organisation Conventions; UN Global Compact; OECD Guidelines for multinational companies.

The **ESG ratings assigned to companies** are composed of 9 notches[27] and the ESG scores are awarded on a scale of 0 to 120. With regard to the environmental performance of companies and the associated impacts, the following aspects are considered: policies, management, products, production processes, targets, legislative compliance, information transparency and granularity, supply chain. With regard to the social and governance dimensions, the following are assessed: relations with the community, respect of human and worker's rights, corporate strategy, contribution to social and economic development, philanthropy, accountability, diversity, governance, shareholders' rights, combating corruption, position with respect to competitors.

[25] This monitoring is carried out with the support of the external consultant ECPI S.r.l. (www.ecpigroup.com). This is an independent company specialised in assigning ESG ratings and building sustainability indices, which analyses issuer environmental and social performance and governance structure strength in accordance with its rigorous proprietary qualitative and quantitative research method.
[26] Financial securities in the UCI - Collective Investments Undertaking portfolios are excluded from investment monitoring
[27] F, E-, E, E+, EE-, EE, EE+, EEE-, EEE, from worst to best

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

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

Product-based exclusions

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

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

With respect to this last point, UnipolSai excludes a priori from new investments those in Corporate Issuers that obtain 30% and more of their earnings from coal mining activities or the generation of electricity from thermal coal, and that do not show a sufficiently ambitious position in terms of transitioning their business to a low carbon regime. Specific indicators and forward-looking ratings are used to measure those positions and are supplied by specialised research agencies. The Group has also planned for a periodic reduction of the admissible earning ceiling dependent on thermal coal by the investee Corporate Issuers, and expects to **complete disinvestment in coal by 2030.**

Conduct-based exclusions

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

- they are involved in serious or systematic infringements of human rights and labour rights (such as forced labour and forms of child labour exploitation);
- they are involved in serious environmental damage and cannot demonstrate that they have developed a strategy for the effective management of the company's environmental impact, they do not pay attention to environmental strategy and management, or to the impact of products and the production process;
- they are involved in serious episodes of bribery and are unable to demonstrate that they have developed a social strategy and a system of governance for the proper management of relations with the various stakeholders.

In the case of **countries** (government bonds), the Group believes that it is unsustainable to invest in government securities issued by countries where there are serious violations of human rights or predatory policies with respect to environmental resources with global impact.

The following elements are considered when selecting the Government Issuers in which to invest:

- with regard to the environmental aspects, the approval and implementation of the main agreements on environmental protection are considered;
- with regard to social aspects, the approval and implementation of the main agreements on respect for human rights and workers' rights are taken into consideration;
- with regard to governance aspects, an evaluation of the institutional context of the country is carried out in terms of the presence and correct operation of the institutions.

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

Sustainability monitoring analyses investments in listed and unlisted financial instruments, excluding collective investment undertakings (mutual funds set up and managed by SGRs, SICAVs), including investments in assets held as a hedge against technical provisions, including investments relating to supplementary pension schemes, and unit-linked and index-linked investments managed directly by UnipolSai.

The following table shows the number of excluded companies within each criterion at the end of 2020.

Company Exclusion Category	Criteria	Number of issuers
Product-based	Controversial weapons	24
	Gambling	39
	Mining or generation of energy from thermal coal	126
Conduct-based	Human and workers' rights	52
	Environment	27
	Corruption and Abuse of Office	18
	Simultaneous presence of multiple exclusion criteria	31
Subtotal		**317**
Country Exclusion Category	Criteria	Number of issuers
Countries excluded		146
Total Issuers excluded		**463**

Of the 463 excluded companies in the investment universe, 30 companies and one country were found within the Unipol portfolios at 31 December 2020.

In order to launch adequate active engagement practices, UnipolSai has declared its compliance with **Climate Action 100+**, a five-year partnership promoted by investors (UNPRI, CERES) to involve companies generating the most pollution in terms of greenhouse gas emissions (*GHG emissions*) to improve climate change governance, reduce emissions and strengthen financial transparency on these matters.

If issuers that no longer comply with the established admissibility criteria are present in the portfolio, UnipolSai will set in motion a monitoring and in-depth investigation plan, with a maximum duration of two years, at the beginning of which it will notify the issuer of its lack of compliance and the related reasons, and during which time it will check whether the reasons behind the non-compliance still hold true or not. If the reasons behind the non-compliance still hold true at the end of the evaluation period, the Group will consider the option of selling the securities of said issuer.

The Finance Department is supported by the Sustainability Function and the Chief Risk Officer in the assessment of specific critical cases which regard issuer selection; if necessary, these cases may be submitted to the attention of the Group Risk Committee.

The ESG topics are also considered *ex ante* in the investment policy of the "Balanced Ethics" SRI segment of the "Fondo Pensione Aperto UnipolSai Previdenza FPA" pension product. The assets of this segment represent 7.6% of the total of the Open Pension Funds offered by the Unipol Group.

The impact on the climate of the investment portfolio

The Unipol Group as a whole is fully committed to making a contribution to achieving the objectives of the Paris Agreement of 2015[28] and is gradually structuring tools which support a diagnosis of its climate impacts and the definitino of improvement targets within an evolving context. In this sense, investment activities are a fundamental area as regards monitoring and intervention for a company in the financial sector, both for the purposes of reducing the impacts of its portfolio and for supporting the economic system in the transition to a low-carbon economy.
For this reason, the Unipol Group continued in 2020 to measure its *carbon footprint* and ensure future alignment with the objectives of the *Paris Agreement* for its financial portfolio, in order to manage and monitor **the alignment of its investment model with the global climate change mitigation targets.** The measurement activities were conducted with the support of Carbon4 Finance[29].

[28] The Paris Agreement was signed between the member states of the United Nations Framework Convention on Climate Change (UNFCCC); the long-term objective is to keep the rise in global average temperature below the threshold of 2°C above pre-industrial levels and to pursue efforts to limit such an increase to 1.5°C, since this would substantially reduce the risks and effects of climate change.
[29] Carbon4 Finance belongs to the Carbon 4 Group, a leading independent consultancy company specialised in low-carbon strategies and adapting to climate change. Carbon4 Finance is a spin-off focused on providing climate data solutions for investors and credit institutions.

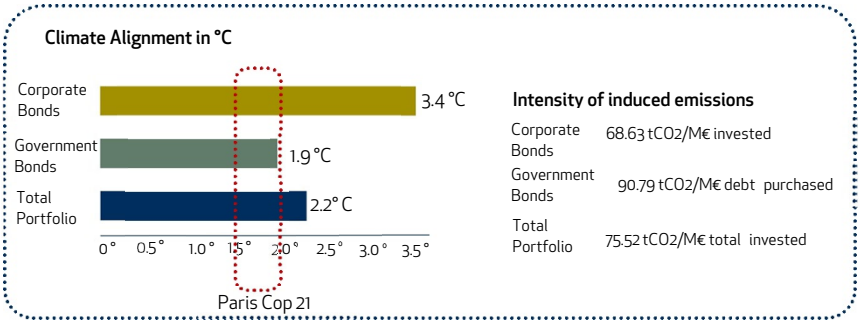
Amongst the multiple metrics subject to analysis, the main ones are addressed in this Report:

- Intensity of emissions induced (Scope 1, Scope 2 and Scope 3), measured for the Corporate Shares and Bonds in tCO2e/€m enterprise value and for the Government Bonds in tCO2e/€m GDP;
- *Climate Alignment*, or the contribution of the activities of issuing companies and countries to global warming, expressed in temperature, so as to highlight the portfolio's alignment with international climate targets from a *forward-looking* perspective; for each issuer this figure is the integrated result of a quantitative assessment relating to induced emissions and a qualitative assessment relating for example, to the climate strategy and targets defined by the issuers.

With respect to the intensity of induced emissions, the 2020 figure was down significantly compared to the previous year for corporate portfolio emissions (-57%), following the exclusion of companies linked to mining and the generation of electricity from thermal coal based on the "Guidelines for sustainable investment activities" approved in December 2019, and the focus of investments in companies currently involved in a transition process with already tangible results. There was also a sharp decline for total induced emissions (-19%), while the figure on induced emissions of government issuers remained basically stable.

As regards the *Climate Agreement*, with the Paris Agreement[30] objectives as a point of reference and making a projection of the CO_2 emissions of the Group's total portfolio at 2030, based on the national contribution determined for each country, considering the current asset allocation and the selection of issuers, there would be a figure of 2.2°C, caused by the predominance of government bonds in the Unipol portfolio and, of these, of securities issued by European countries.
One point for particular attention regards the potential contribution to warming of the corporate bond portfolio, which saw a deterioration compared to 3.1°C in 2019, even with the increasingly high commitment made by companies in this regard (which results in increasingly demanding expectations concerning climate strategies), and which will be subject to monitoring and a series of actions to reduce the currently expected impact.

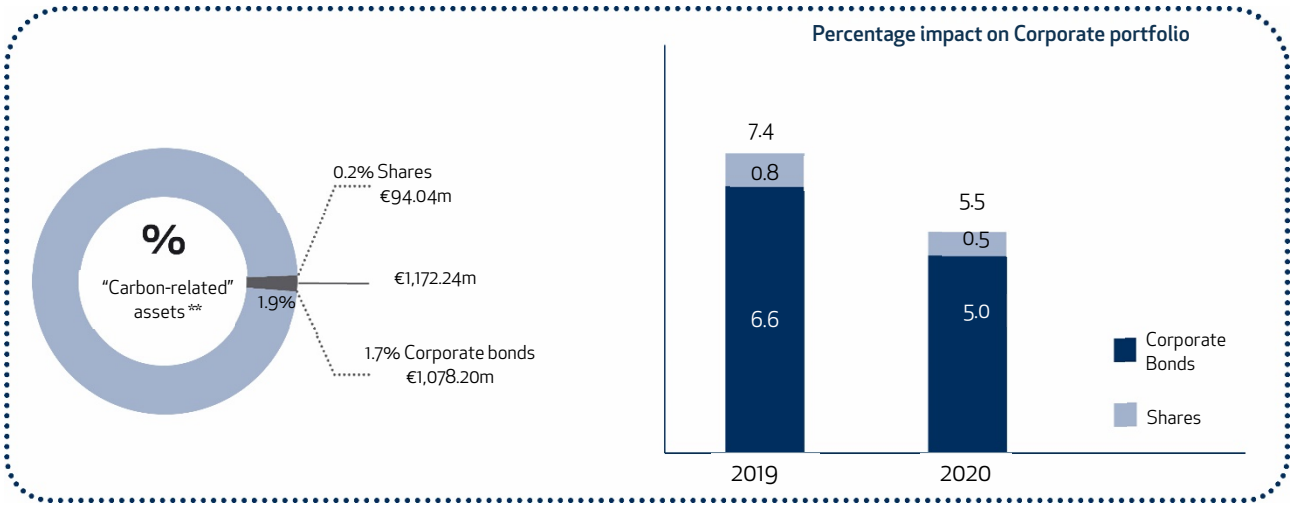
Climate impacts of the investment portfolio



The Group calculated how much of its investments are made in "carbon-related" assets*; their percentage weight on the corporate portfolio reduced significantly in 2020.
The analysis of the exposure based on sectors shows a percentage of 4.6% of Assets under Management included in high-carbon sectors, according to the NACE classification[31]. The Appendix includes a breakdown of assets managed by business sectors, and in all asset classes for high-carbon sectors, an important view to constantly monitor economic exposure in the sectors most impacting climate change and orient decisions towards companies that have undertaken a transition process.

[30] The 2015 Paris Agreement aims to keep the rise in global average temperature well below the threshold of 2°C above pre-industrial levels and to pursue efforts to limit such increase to 1.5°C. To have a point of reference with respect to the current global situation, the Intergovernmental Panel on Climate Change (IPCC) has estimated that, if emissions continue to rise at current rates, the temperature increase could reach 4°C above pre-industrial levels in 2100 (RCP 8.5); if instead only limited containment actions are implemented, with the increase in emissions until 2080 and then their reduction (RCP 6.0), the increase could exceed 3°C.
[31] A - Agriculture, forestry and fishing; B - Mining activities; C - Manufacturing activities; D - Supply of electricity, gas, steam and air conditioning; E - Supply of water; sewerage networks, waste treatment activities and reclamation; F - Construction; H - Transport and warehousing.

"Carbon-related" assets on total portfolio*



**"Carbon-related" assets refer (according to the definition suggested in the TCFD Recommendations) to those connected with the Energy and Utilities sectors (according to the Global Industry Classification Standard - GICS), excluding Water Utilities and Independent Power Producers (IPP) and Renewable Energy Producers.
**The percentage refers to the total portfolio of securities of the Unipol Group at 30 September 2020.

The investment choices for the SDGs and combating climate change

Unipol has a structure dedicated to the creation and management of **alternative investments**, such as *private equity, real assets and hedge funds*, selected through specific due diligence which calls for, aside from traditional financial analysis, an in-depth analysis of socio-environmental and governance criteria and the mapping of sustainability risks which may have a reputational impact.

Investments with these characteristics **grew overall by 58% in 2020**, and those for combatting climate change by 19%; therefore the objective of €600m invested in support of the 2030 Agenda set forth in the Strategic Plan by the end of 2021 has been met.
In the following table, investments are classed based on their positive impact on various SDGs.

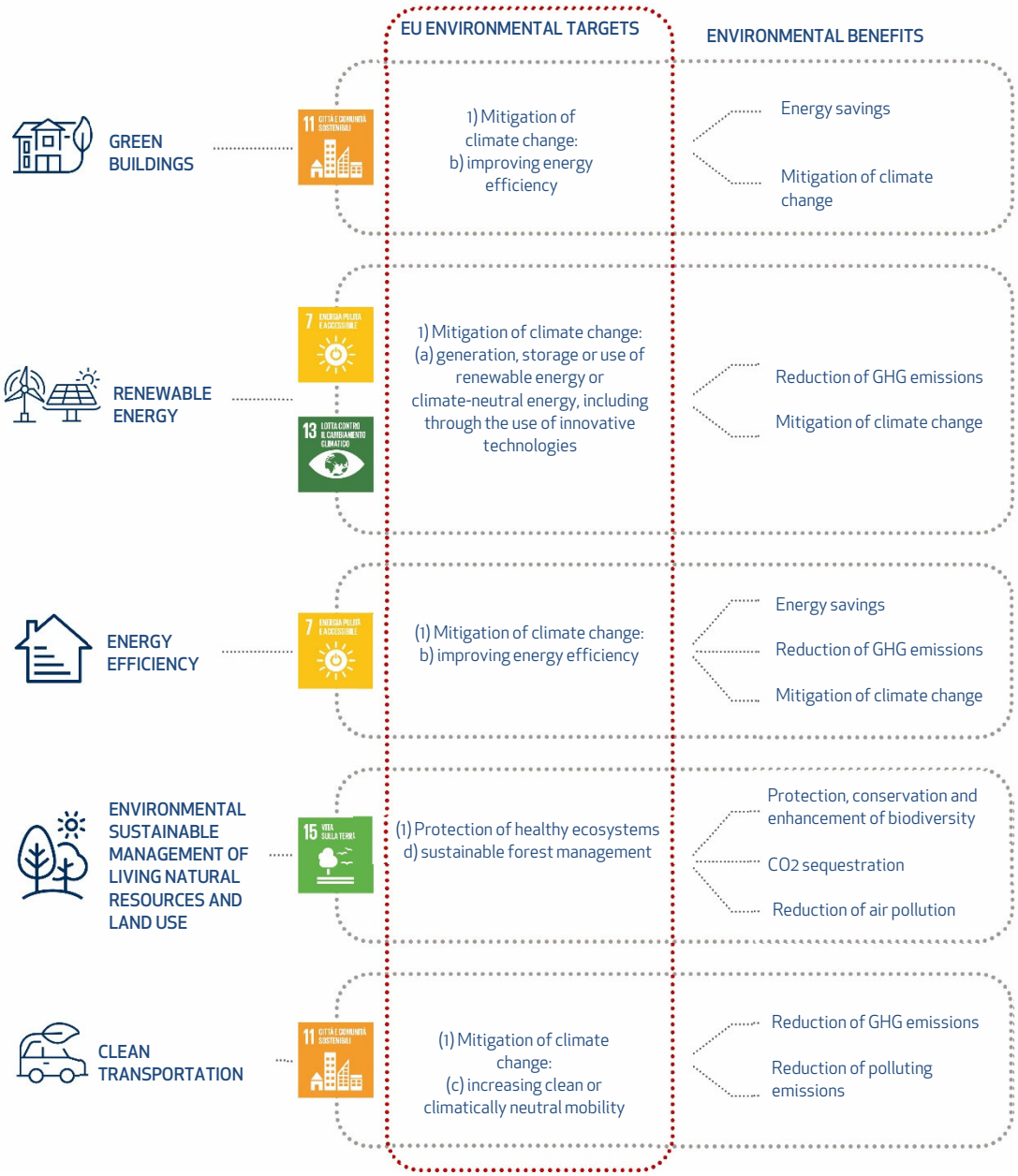
Thematic and impact investments

Issues	Value €m	SDGs
Renewable energy, eco-efficiency	325.8	
Sustainable mobility	48.4	
Digital Networks and Infrastructure	137.4	
Sustainable forest management	30.1	
Residential care and social assistance	33.8	
Sustainable Consumption and	13.1	
Social housing	2.7	
Training and culture	7	
Water	11.1	
TOTAL €609.4m		

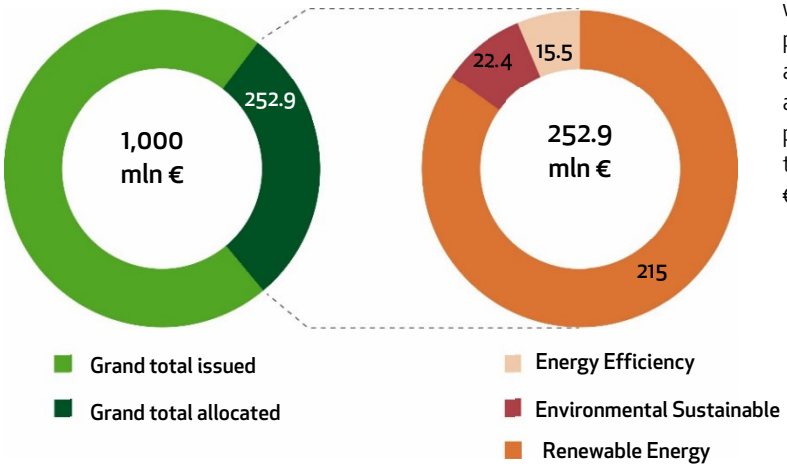
In 2020, Unipol drafted the Group's **Green Bond Framework**, prepared in accordance with the "Green Bond Principles" published by the International Capital Market Association (ICMA), to define its operating methods in the Green Bond market; the Framework was subject to a *Second Party Opinion* issued by Sustainalytics.

In September, Unipol Gruppo issued its first Green Bond, a senior unsecured, unsubordinated and non-convertible bond for a nominal amount of €750m, compliant with the Green Bond Framework, maturing on 23 September 2030. The bond received a significant amount of interest from investors, with demand reaching more than four times the amount issued.
In November, Unipol Gruppo then issued a second green bond for a nominal amount of €250m, reaching a total of **€1bn** in green issues by the Group.

Green Bond Framework – Admissible asset categories and expected environmental benefits



Green Bond issue and allocation by category



Within the first twelve months of the issue, Unipol will generate an independently certified report precisely reporting on the allocation of income and its impacts. At 31 December 2020, the income allocated to refinancing or the financing of projects consistent with the criteria defined in the Green Bond Framework amount to more than €250m.

Relations with investors and analysts

The Group's Investor Relations provides the market with adequate and accurate communication of the economic and financial data concerning the Company, in full compliance with the provisions of the relevant regulations in force, to improve the visibility and attractiveness of the Group with respect to investors, ensure equal and continuous dissemination of information and facilitate a correct assessment of the outstanding financial instruments.
In the course of 2020, as roadshows and face-to-face meetings with investors and analysts were impossible, from February onwards relations were maintained via conference calls and/or video-conferencing platforms. Interaction with financial analysts and proactive dialogue with shareholders and potential investors were in any event guaranteed thanks to the 100 meetings held with 195 investors during 4 roadshows and 13 conferences. Financial analysts continue to express positive opinions on the UnipolSai share, with 5 neutral recommendations, 4 positive and one restricted.

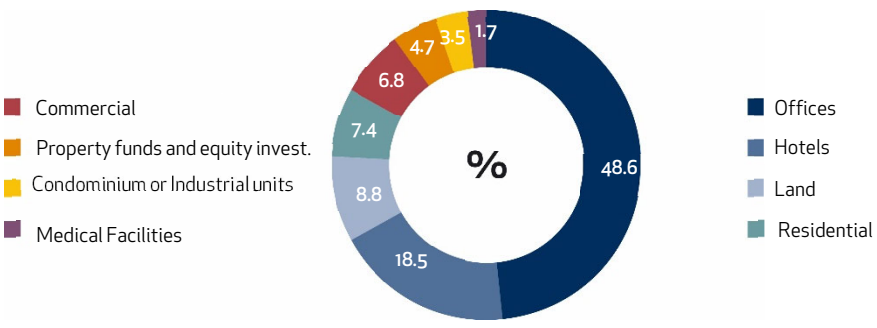
The shares of Group companies are present in numerous series of SRI indexes, including FTSE4Good, STOXX, Standard Ethics and ECPI.

In 2019, UnipolSai's EE+ rating was confirmed (stable outlook, Long Term Expected SER of EEE-) by Standard Ethics. The Group has a CDP rating of B-.

Real estate portfolio

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

Real estate assets by intended use



The renovation and refurbishment of property assets continued in 2020.

In Milan in particular, note the continuation of works to construct the new multi-storey office building in Piazza Gae Aulenti (Porta Nuova Garibaldi area), which will be Leed Platinum certified for energy and water savings and for the ecological quality of the interiors.

Again in Milan, the "INOLTRE. Sharing the city" project was launched, a shared listening and co-design process involving major players and residents in the promotion of peripheral areas, with planned interventions on more than 200,000 m2.

Geographical breakdown of the real estate assets

With the updating of the "Guidelines for responsible investment activities" approved in February 2021, the Group defined specific commitments as regards real estate investment activities, relating to the various investment phases:

- acquisition of real estate: during this phase, the Group undertakes to integrate technical and economic/financial assessments with an evaluation of ESG aspects linked to properties of interest;
- development activities: the Group, aware of the impact and transformative potential of local real estate development activities, considers an understanding of the characteristics and requirements - current and future - of the communities in which it operates, to be significant for the definition of its actions; it also undertakes to respect high environmental standards in the most significant new building activities, including by obtaining internationally recognised certifications;
- management activities: with a view to decarbonising its real estate investment portfolio, the Group undertakes to manage its real estate assets by planning and taking actions that result in the continued improvement of performance until high environmental quality standards are achieved.

The development sectors

In 2020, sector companies faced the COVID-19 emergency which, for Gruppo UNA and, to a lesser extent, Tenute del Cerro, heavily impacted company turnover, directing significant efforts towards the systematic reduction of the cost structure.

As regards the hotel sector, the revenues of the subsidiary **Gruppo UNA** declined by 73% compared to 2019, from roughly €128m to around €34.5m, reflecting the collapse in bookings and the closure of more than half of the structures in the March-May and November-December periods. Despite the 53% reduction in operating expenses, due to the high fixed costs component, the company closed 2020 with a loss of roughly €23m.

As concerns agricultural activities, packaged wine sales of the company **Tenute del Cerro** recorded a decrease of 5.8% compared to 31 December 2019 - from €7.7m to €7.3m - while total revenues declined by 10% compared to the previous year, from €9.4m to €8.5m. In any event, a rigorous reduction in operating expenses made it possible to limit the loss for the period to €0.1m.

Casa di Cura Villa Donatello closed 2020 with revenue of €30.2m, up by around 12.8% compared to 2019 (€26.7m). Revenue trends show a continuation of the positive performance in the core business, for hospitalisation (hospital stays and outpatient surgery) as well as clinic activities (visits and diagnostics). The company recorded a profit of €0.4m, up slightly compared to 2019.

In 2020, the company **Marina di Loano**, confirmed the guidelines followed in the recent past and recorded a positive net result despite the heavy repercussions of the pandemic scenario on the tourism sector.
The "Sea revenue" provided by annual (including "marina resorts") and three-year contracts was up slightly compared to 2019 despite the decline in transits and winter seasonals. "Land revenue" represented by commercial revenue, revenue from lodging and watercraft accessory services, was instead down slightly compared to the previous year.
Marina di Loano is able to house over 900 craft, between 6 and 80 metres in length. As recognition for its excellent infrastructure and services, Marina di Loano was awarded Marina Excellence 24 Plus, "5 Timoni" and "50 Gold" certification from Rina. The international certification body recognised the safety and quality of tourism and accommodation offered by the company. Marina di Loano is ISO 14001 certified.

UNIPOLSAI AND EMPLOYMENT

11,770
Employees

54%
Employees - Women

27.6%
Women employees in a position of responsibility

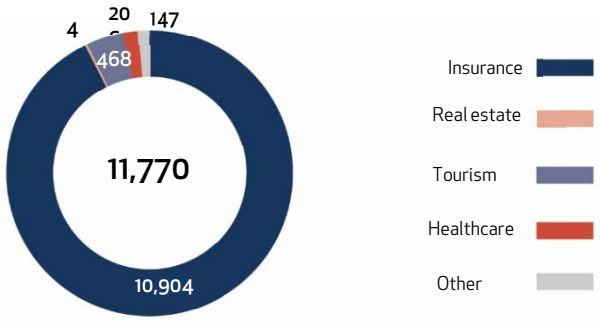
Employees

In line with the policies defined in the Code of Ethics, the Sustainability Policy, company policies and guidelines which take account of the various areas of activities and different applicable regulations, the Group recognises and values the protection of employment and workers' rights.
As a signatory to the Global Compact[32], the Group has aligned its Code of Ethics and policies with its 10 principles, the pillar on which the policies, relationships, incentives and bonuses for employees have been modelled over the years.

96.4% of employees (+0.7 p.p. over 2019) have an open-ended contract (of whom 46% are men and 54% women), confirming our focus on protecting stable employment. Use of staff supply contracts is marginal and concerns only 49 workers, while the number of seasonal workers, employed in the tourism and agricultural sectors, represented 0.8% of all employees. Overall, less than 1% of the workforce is composed of interns, apprentices and temporary staff.
During 2020, 162 employees were moved to stable contracts, of whom 144 in Insurance and Commerce contracts.
The number of employees operating on a part-time basis totalled 2,052, representing 17.4% of the overall workforce; of these, 86.8% were women (27.9% of the total female workforce).

This includes 18 seasonal staff of UNA Group at 31 December 2020 (64 at 31/12/2019), and foreign company employees include 521 agents.

Employees by sector



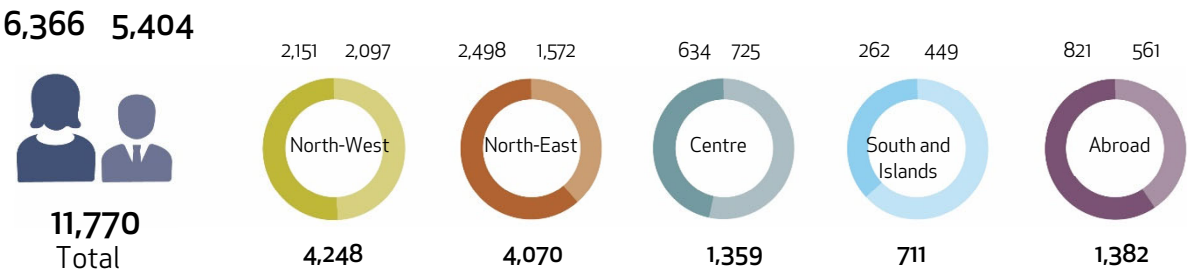
At 31 December 2020, the number of employees of the UnipolSai Group declined by 4% compared to the end of the prior year, with 409 entries and 913 departures net of transfers to fixed-term contracts or changes due to seasonal work started and concluded in the course of the year and net of intra-group transfers of business units.

In particular, entries included 226 new employees on permanent contracts and 165 on fixed-term contracts or for seasonal work, as well as entries deriving from changes in the reference scope.
The 913 departures were instead due to resignations, incentivised departures, retirement, participation in the "Solidarity Fund" and other transfers to Companies within the "Unipol Group".

During the year, 520 workers completed their professional careers by opting for pre-retirement arrangements: 377 of them took advantage of the Solidarity Fund and 143 received direct access to their pension. The management of consensual terminations was handled in implementation of the trade union agreements entered into in the Group's insurance companies for non-executive personnel reaching pension age by 31 December 2023. A similar initiative was also applied for executives.

[32] through the parent company Unipol S.p.A.

Employees by geographical area

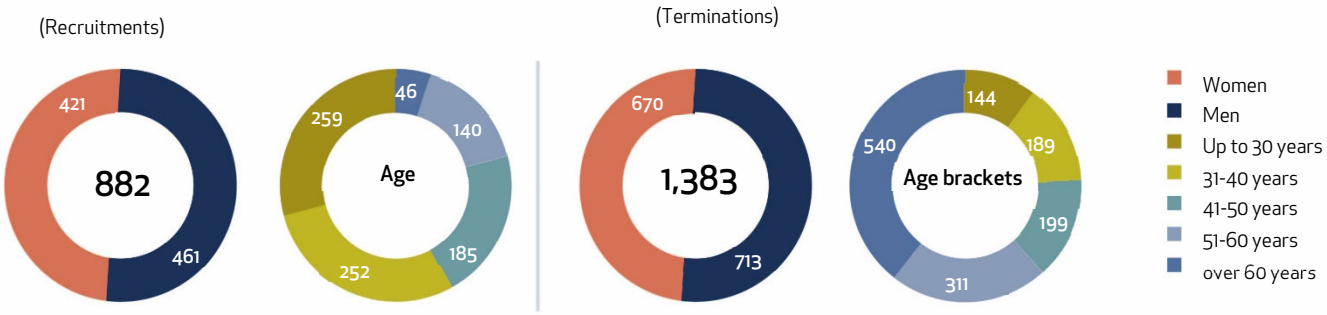


These initiatives resulted in an overall turnover rate[33] for employees of 18.97% (21.8% in 2019)

During the year, 882 employees were recruited, while 1,383 left employment, with a recruitment turnover ratio (7.5%; 12.3% in 2019) lower by around 4 percentage points than the departure turnover ratio (11.76%; 9.5% in 2019). The turnover ratio for voluntary redundancy was 0.95% (1.61% in 2019).

The use of fixed-term contracts in the hotel sector due to its seasonal nature significantly influences the turnover figures: the turnover ratio for only insurance employees was 13.09% (11.42% in 2019).

Turnover by gender and age bracket

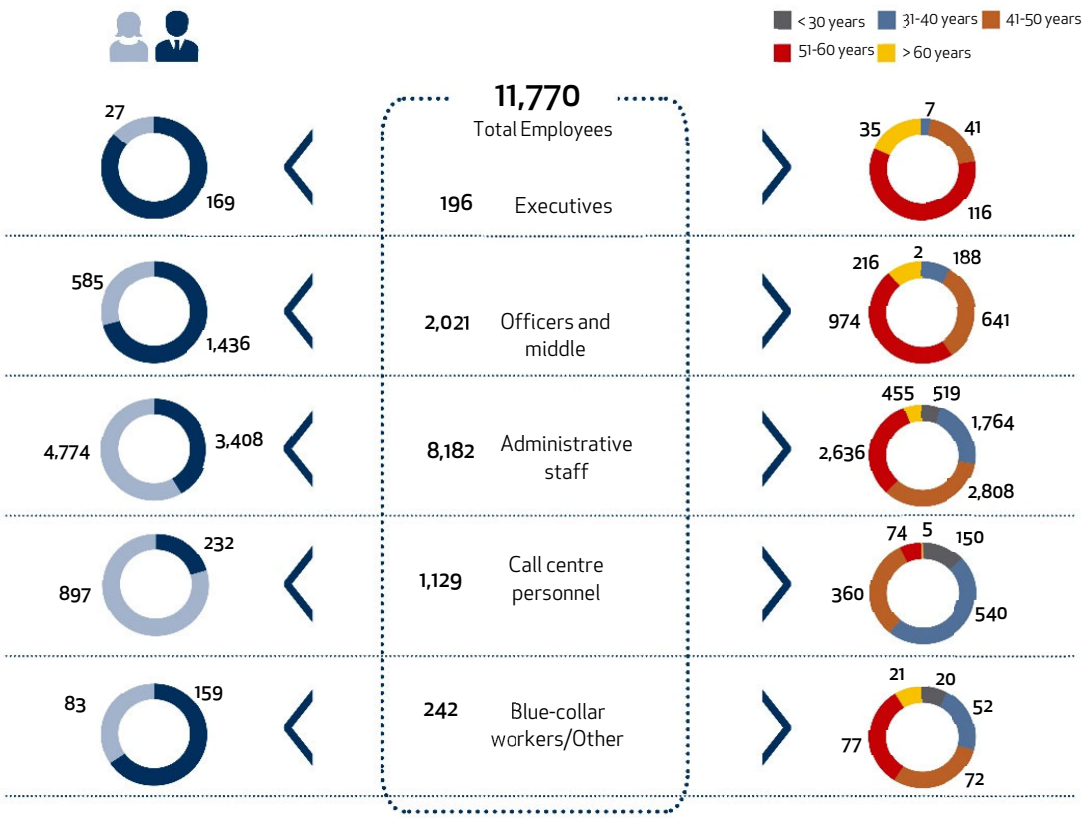


The average age of personnel on staff at 31 December 2020 was 46.9 years old, just under the 47 years recorded in 2019, while the average seniority suffered significantly from the effects of the departures linked to the Solidarity Fund, falling to 15.2 years compared to 16.7 years in the previous year. People over 60 represent 6.2% of the company population.

In the distribution by category and by age bracket, there was a preponderance in the majority of the job levels of the 41-50 years bracket, which includes 19% of executives, 32% of officers/managers, 34% of administrative staff, 32% of call centre personnel and 29% of blue-collar workers. On the other hand, the 31-40 years bracket includes 4% of executives and 9% of officers/managers; the incidence of this bracket in the other categories was significantly higher, reaching 48% for call centre personnel. Lastly, for executives and officers/managers, the most significant age bracket is 51-60 years (59% and 48%, respectively).
University graduates constitute 45% of the staff and secondary school graduates 46%.

[33] Ratio between recruits and leavers and total employees.

Number of employees by age range, job-level category and gender



Involvement and corporate environment

During 2020, a transformative year due to many aspects of daily and working life, the Unipol Group strengthened its internal communications and employee engagement activities, emphasising to an even greater extent the role of people. Internal communications - ranging from listening initiatives to the prompt delivery of information as well as the activation of smart working and telling the story of what it means to be Italian - played a significant role to further strengthen the bond between the company and its employees.

To punctually and promptly inform employees about updates relating to the health emergency and the decisions taken by the Group, both email and the intranet were used. The two instruments were employed in a complementary manner: thanks to the capacity of email to be instantaneous and accessible to all employees, there was a significant increase in emails compared to the previous year (+324%), for a total of 421 DEMs[34] sent, while futur@ – the Group's intranet – continued to play a crucial role to keep employees constantly updated on the Group's actions.
The 237 news items and 61 videos produced primarily focused on the health emergency. In order to make the information immediately usable, several ad hoc sections were created: the "Coronavirus" section, providing all news on the topic, and the "Smart Working" section, to provide all useful information and materials to support employees in this new way of working.
Furthermore, starting from the second half of 2020, futur@ was also made accessible via internet and a mobile version was launched, which can be used from any personal or business device, to enable all employees to quickly access its content.

[34] "Direct Email Marketing"

Digital Workplace

Smart working highlighted how strategic the presence of a single access environment for all company tools is in order to ensure business continuity. This emphasises, now more than ever, the need of having a virtual environment to keep collaboration alive. The "Digital Workplace" project, launched in 2019 in the Claims Department as a pilot project and meant to be expanded in other Departments as well, continues to work in this direction. It enables employees to connect to the company's systems from any device, any time and any place. It is one step forward towards improving communications between employees, incentivises the exchange of knowledge and identifies collaboration as real value added for productivity.

Listening and engagement

Within a radically transformed scenario, in which many points of reference are now in crisis, it has been crucial to stimulate participation and the sense of belonging to the company community.
Indeed, listening and engagement were fundamental, not only to maintain a sense of belonging, but also to explore new dimensions in which to reinforce it. During this period, a range of initiatives were carried out, through which the link between employees and the company found authentic expression and is trying out new forms of increasingly participatory dialogue.

Precisely in this scenario, it has been important to listen to colleagues through the Welfare survey, administered in collaboration with Catholic University, to obtain an assessment of existing services and especially identify future needs, considering a profoundly transformed context.
Survey participation exceeded 52% of the company's employees, and the results confirmed a welfare structure that is well rooted in the company's DNA and capable of meeting people's expectations. The quality level of the initiatives was assessed positively and satisfaction with the services used was more than good.

The set of initiatives included under the **Orgogliosamente italiani** (Proudly Italian) umbrella carried out during the pandemic translated internally the new positioning that the company was transmitting externally. Specifically, the "Noi Persone Unipol, Orgogliosamente italiani perché…" (We the People of Unipol, Proudly Italian because...) initiative kept the sense of belonging alive by uniting our commitment to the country with telling the story of what it means to be Italian through the contribution of our employees at home. More than 600 employees participated by sending snapshots of what it means to be Italian, thus contributing to the donation of 2m meals to families already in difficulty.

The difficult conditions experienced in 2020 did not have negative impacts on the results of the survey carried out with employees on the **Group's reputation**, as part of the overall process of reputation monitoring with stakeholders, in which UnipolSai has been involved since 2016. The analysis showed a share of 78.4% (74.8% in 2019) of "Supporter"[35] employees and a share of 35% of "Ambassador" employees (35% in 2019), or those who, amongst Supporters, attribute an excellent reputation to UnipolSai[36]. The reputational index recorded among the staff was 83.9 (on a scale of 1 to 100) in 2020, a rise of 2.5 points compared with 2019, with an increase recorded in all age brackets.

Training, development and enhancement of employees

The UnipolSai Group, to support the achievement of its strategic goals, invests in a number of levers concerning human capital, from training to the simplification of the organisational model, from development plans to contractual standardisation.
UNICA operates in the training context. This is the Group's Corporate Academy, which focuses on the vocational training of all the structures located in Italy, with the objective of increasing knowledge in a range of areas, reinforcing the corporate culture and sharing the management model. In March, Unica's new organisation was deployed, with a simpler structure and a new Faculty dedicated to masters and high-level apprenticeship courses and entry courses for young people. In July 2019, the Academy renewed the **ISO 9001:2015** Quality Certification.

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

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

Training provided in 2020

€5.2m invested, of which €1.7m direct and €3.5m indirect*

more than 100k hours of training provided in the classroom and *through webinars* to employees (with an average of 9.2 hours of training per capita), of which 52% for men (on average 19.9 hours per employee) and 48% to women (on average 16.9 hours per employee).

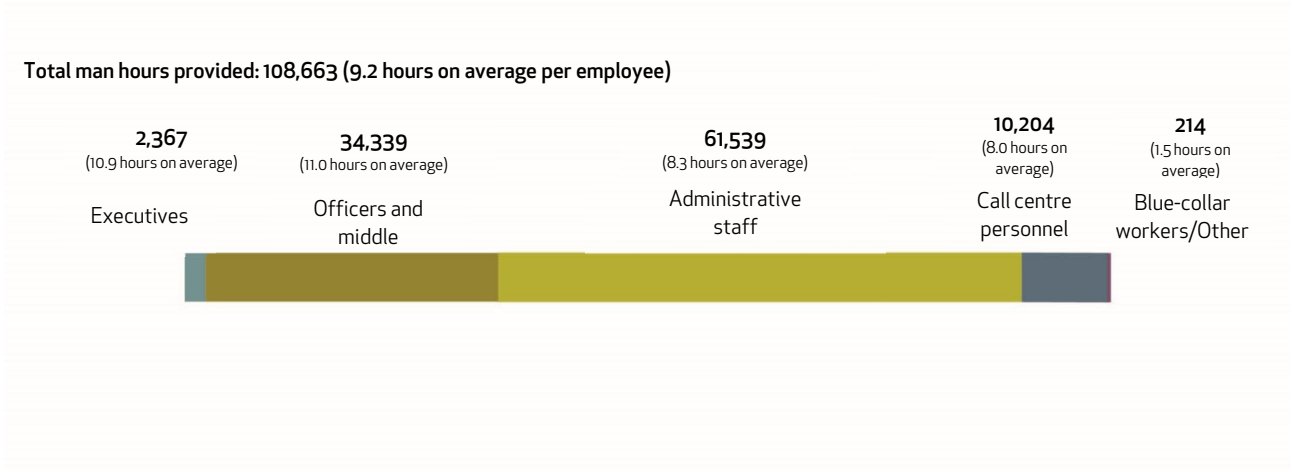
9,488 employees involved in training activities organised by Unica, equal to 80% of potential recipients

973 courses provided to employees, of which 788 courses managed by the Unica Academy. A good deal of the projects were carried out with training financed by the Bank Insurance Fund (FBA).

*Understood as the opportunity cost of employees which, to participate in training activities do not perform their usual work activities

Training hours reduced by more than 100k compared to the previous year due to the emergency scenario, which rapidly redefined priorities, slowing the planning and development of training projects, especially the more complex ones. Due to the suspension of classroom training, Unica concentrated on redesigning dozens of courses already started or scheduled during the year to support the business, with the resulting redefinition of structures, durations and training calendars.

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



The training activities that mostly concerned the employees were those of a regulatory, technical-insurance and managerial nature.

The initiatives with compulsory and regulatory content include courses relating to Privacy-GDPR, with a particular focus on the information required for the proper processing of the personal data of Group employees by HR function employees; sessions on the OMM dedicated to the operating companies (Tenute del Cerro, Fondazione Unipolis, UnipolSai Investimenti SGR, UnipolRec) which, having adopted their own Organisation and Management Model (OMM), needed to analyse the matter particularly with regard to the risk areas linked to their specific businesses; on Occupational Safety, including the online course entitled "COVID-19 Emergency - Rules of conduct and best practices - Occupational safety training".

In addition, there were certain regulatory initiatives aimed at complying within the provisions of the European legislator and of IVASS. These include the POG technical/regulatory assessment intended to map the knowledge and expertise of staff within the Group's POG perimeter to certify the matters addressed in EU Delegated Regulation 2017/2358. After the mapping, POG personnel were provided with the Group's POG-IDD courses, again to meet IVASS requirements.

Some of the most significant managerial courses included:

- the **"Change Management"** course, which continued by involving those who changed their professional role, by providing them with instruments and methods to recognise and facilitate an understanding of the reasons for the change, its direction and its

need, and helping them to attenuate and overcome resistance and obstacles that may arise and make the expected change difficult;
- the "**Sales Tutor**" course, aimed at reinforcing and specialising know-how in the Agencies;
- the professional requalification courses for 17 "**SME Tutors**" and 16 "**Family Welfare Tutors**", to provide useful tools to connect with the commercial, operational and managerial dynamics of the new role;
- the "**Employee Management and Development**" course, dedicated to increasing the awareness of the role of the manager, which concluded after involving more than 1,500 resources. In 2020, it was extended to UNA Group hotel directors;
- the "**RCT Master Program**", to support the innovative evolution of the managerial role of the RCT through professional, commercial and managerial growth. The Focus of the Master Program, which will conclude in March 2021, will be the concept of innovation and overcoming orthodox approaches;
- the course dedicated to "**PAS Team Leaders**", which aims to facilitate the transition from team member to leader. In the second half of the year, a follow up continued which involved both the team leaders and the supervisors to strengthen skills in the role and their application.

The initiatives targeting younger colleagues continued with the third edition of the **Unipol Insurance Master Program**, involving 20 recent graduates joining Unipol with an inter-functional training course, and the new edition of the **Next Generation project**, involving 332 employees *aged under* 35 recruited at least one year ago in further study of organisational skills and aptitudes. Next Generation furthermore set up an *Online Assessment* during the year, following which an Individual Development Plan was formulated, based on skills improvement targets to be expressed in relation to the role covered and to be pursued over the next 12-18 months, defining specific actions and monitoring timing. Furthermore, also on the basis of the results of the Online Assessments, a talent pool of **106 young people** was identified, for which an *ad hoc* growth process can be activated through group dynamics useful for the effective measurement of skills and simultaneous development actions.

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

The process of consolidating digital and innovative skills in personnel continued with the recruitment of a further 23 persons (in addition to the 98 in the 2017-2019 three-year period), who enhanced the Group areas responsible for innovation processes.

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

On **performance assessments**, despite the operational difficulties caused by the pandemic, in the course of 2020 the Performance Management process relating to the 2019 assessment cycle concluded and the assessment cycle relating to 2020 performance began, with a view to building greater awareness in employees of strategic priorities, encouraging adequate conduct and technical knowledge. The processes implemented for assessing performance entail five phases: defining the objectives, periodic verification during the year, final assessment to measure specific gaps, calibrating and standardising the assessments, sharing the assessment with colleagues.
The Performance Management process was applied on an initial group of 314 non-executive employees of UnipolSai, in 95% of the cases officers.

The Internal Mobility Policy fosters the continuous adaptation of employee skills to rapid changes taking place in the economic, regulatory and technological realms. At the same time, through this Policy UnipolSai is reinforcing its commitment to offer internal opportunities for advancement.
During the course of 2020, 30% of the open positions were filled with internal candidates (+5 p.p. over 2019 if limited solely to UnipolSai Assicurazioni S.p.A), while 460 people, equal to 3.9% of the entire staff, found a new position within UnipolSai Group Companies by changing their activity, duties and department.

The promotion of equal opportunities

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

UnipolSai was one of the first 16 companies to comply with the "**Charter for Equal Opportunities and Equality at Work**" (launched in Italy on 5 October 2009 and currently signed by 700 businesses and public administrations). The Charter provides a reference framework of values and guidelines to guide companies that have subscribed to it in its application; these companies must determine how to implement it according to their situation and level of maturity with respect to the specific issue.
For the implementation of Diversity & Inclusion policies, the Group has assigned clear responsibilities to the Human Resources Department, the Ethics Manager and the **Joint Equal Opportunities Commission**, a bilateral commission between the company and the trade unions, established in 2011 with the duty of identifying analysis processes and proposing initiatives on Professional training, equal opportunities, supplementary health care and prevention with respect to mobbing risks.

A partial list of the activities carried out by the Group to integrate the principle of equal treatment within processes that govern every phase of professional life and the enhancement of human resources is provided below:

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

All workers are asked to read the Code, which remains available to each employee on the Group's company intranet, and comply with the relevant principles of conduct. When oppressive conduct is identified, employees are able to notify the Human Resources Management department as well as send a report to the union-appointed members of the Group's Mobbing Commission. In this regard, for more details please refer to the Ethics Report published on the website unipol.it.

Concrete tools are also provided to personnel to **foster work/life balance**, by favouring the meeting between supply and demand for company and individual flexibility, also with adequate company and contractual policies, in collaboration with local areas and integrated public and private service agreements. In this sense, please note the implementation of initiatives to meet employee needs in terms of work flexibility through trade union and collective bargaining agreements which in particular took the following forms: part-time contracts, flexible working hours, smart working, compensatory time, local service agreements, educational leave and volunteer leave.

With respect to **work/life balance tools**, the Group has also identified a range of forms of support in collaboration with institutions, the third sector and other companies, such as: listening and consulting services / units, company crèches, assistance/welfare service agreements, initiatives to support parenthood and caregivers, laundry/shopping services, company benefits, transport services, agreements with other companies to divide service costs, local work/life balance networks with institutions and other companies and the expansion of the days envisaged under Law 104/92.

Even during the lockdown period, the Group continued its commitment to the D Value "InspirinGirls" project, aimed at providing middle school boys and girls with food for thought on gender stereotypes and stimuli for future scholastic choices. 18 Role Models have been introduced into classrooms since the beginning of the project, either physically or remotely, covering 35 classrooms in 8 towns in seven different Regions.

On **disabilities**, during the year the plan of activities was significantly altered as a result of the pandemic, although the need for actions and the development of support activities remained unchanged. Also as a result of the Solidarity Fund promoted by Unipolsai Assicurazioni, in the course of 2020 individuals in the "protected categories" resigned from their employment relationships. Although it was able to benefit from the suspension of its obligations set forth under Law 68, the Group decided in any event to hire new protected category employees and identified employees already in its ranks that met the requirements to be classified in these categories, in order to be able to best guide all concrete actions in favour of improving quality of life in the professional sphere of personnel with disabilities.
Indeed, Disability Management actions concentrated on activities intended to minimise the impact of disabilities on the capacity to participate in the work environment, in line with the general goal of consolidating a coordinated company policy based on listening and proactiveness, which helps to manage cases of disability in the fairest and most effective manner possible.
Within an overall context which, in the course of 2020, saw the Group committed to guaranteeing smart working to all employees, the priority target of Disability Management was to "personalise" remote activities in favour of many employees with disabilities.

The majority of the activities were focused on more contingent aspects such as:

- support for Personnel Management and Line Managers in transitioning to smart working and managing the specific issues this raises for colleagues with disabilities;
- "smart working" project for colleagues operating at the Group's call centre with a view to making the jobs of call centre workers remote (the majority of whom are blind or visually impaired);
- extensions of individual "personalised" smart working agreements already in place;
- identification of "reasonable adaptations" to support people with degenerative and progressive diseases, with the provision and set-up of specific assistive technologies and training on such equipment. Activities in this sense were addressed to varying extents to the entire population of people with disabilities in smart working arrangements, but in certain cases more significant and "personalised" actions were also taken.

Through the **Disability Manager**, the UnipolSai Group carries out a set of projects and actions intended to identify and overcome the difficulties that prevent people with disabilities from participating and actively contributing to professional dynamics.
Specifically, also in line with previous years, several training sessions have been conducted on an inclusive culture with respect to disability, including:

- collaboration with Asphi for **Handymatica** 2020 - National Convention Exhibition of IT and electronic technologies for the integration of people with disabilities, for which the Group was the main sponsor. The 2020 edition focused in particular on the topic of Digital technologies for vulnerable communities and Skills and technologies for inclusion; in this area, the Group's specific experience made it possible to highlight all benefits and precautions to be adopted in the approach to smart working for people with disabilities;
- **Ma.Po. project. "Understanding disability: methods, tools and technologies for job retention":** in 2020, the project maintained its goal of supporting the job retention of colleagues involved in the project and concentrated primarily on monitoring developments for people who, during their working life, have developed a chronic neurological disease, such as multiple sclerosis.

At 31 December 2020, there were a total of 517 people with disabilities or belonging to protected categories, equal to 4.4% of the total.

In addition, in 2020 no episodes of discrimination (according to Legislative Decrees 215 and 216 of 2003) were recorded, and there were no final decisions or sanctions on this matter.

Employees' health and safety

The **Health and Safety Management System** adopted by the UnipolSai Group guarantees compliance with legal provisions on health and safety and on prevention, as well as reducing aspects detrimental to health and safety, and it is reviewed at least annually to verify its adequacy.
Alongside the usual activities, which decreased in volume compared to previous years due the COVID emergency (1,700 medical visits, 770 participants in voluntary health monitoring activities), the commitment in this area aimed to guarantee the safe reopening of offices, through numerous interventions on the facilities, together with a major information and **training action targeting employees** and the distribution of personal protection equipment.

The key points of this approach are as follows:

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

the Management System is reviewed at least annually to verify its suitability, adequacy, effectiveness and efficiency in satisfying the requirements of the reference regulations and applicable legislation and to reach pre-set targets. The review provides an

indication of opportunities for improvement and the need to make changes to the system, including the Group's policies, objectives and goals.

The total number of workplace accidents fell from 182 in 2019 to 46 in 2020 (52% during commuting). As a result of the accidents recorded, more than 1,600 work days were lost compared to 4,500 in the previous year.[37]

Absence from work for reasons other than holidays, with regard to all the Italian insurance companies within the Group, totalled, at 31 December 2020, around 7.2% of working days (specifically, 5.1% for men and 9.1% for women), down by two percentage points compared with 2019.

Accidents

Description	UoM	2020	2019	Change % / p.p.	Notes
Accidents by gender	**No.**	**46**	**182**	**-75%**	
Men	No.	20	64	-69%	
Women	No.	26	118	-78%	
Accidents by type	**No.**	**46**	**182**	**-75%**	
Not while on the move	No.	22	57	-61%	
While on the move	No.	24	125	-81%	
Recordable workplace accident rate by sector					Rates calculated on the basis of 1,000,000 theoretical hours worked
Total	No.	0.97	2.4	-1.43	
Insurance	No.	0.62	2.06	-1.44	
Real estate	No.	21.37	9.62	11.75	
Tourism	No.	5.14	8.29	-3.15	
Healthcare	No.	3.68	7.5	-3.82	
Other	No.	2.32	0	2.32	
Accident severity by sector					Rates calculated on the basis of 1,000,000 theoretical hours worked
Total	No.	0.07	0.19	-0.12	
Insurance	No.	0.05	0.18	-0.13	
Real estate	No.	1.18	0.79	0.39	
Tourism	No.	0.37	0.49	-0.12	
Healthcare	No.	0.11	0.16	-0.05	
Other	No.	0.03	0.06	-0.03	
Number of hours worked by sector					Theoretical hours as per national collective labour agreement of the various sectors
Total	No.	22,765,589	23,748,431	-4%	
Insurance	No.	20,995,769	21,839,511	-4%	
Real estate	No.	93,600	104,000	-10%	
Tourism	No.	973,440	1,085,760	-10%	
Healthcare	No.	271,440	266,656	2%	
Other	No.	431,340	452,504	-5%	

Basic training courses on safety were completed by 9,365 employees and 185 executives of the insurance sector companies operating in Italy, the diversified companies and the Irish company UnipolRe. In addition, there are also active continuous education courses that involve employees in line with the deadlines laid out by regulations.

Description	UoM	2020	2019	Change % / p.p.	Notes
Training on safety					
Employees trained	No.	9,365	9,317	1%	
Executives trained	No.	185	152	22%	

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

[37] No accident had serious consequences or resulted in death.

For companies operating in Serbia, safety training concentrated on first aid and fire prevention, with the involvement of a total of 916 participants. In the diversified companies, 612 workers (coverage of 87%), 99 managers (coverage of 94%) and 27 executives[38] (coverage of 90%) were trained on various topics of worker health and safety.

No dispute specifically regards "health and safety", understood as disputes concerning alleged violations of regulations on safety in the workplace and/or demands for compensation.

Management of the COVID-19 health emergency

The initiatives aimed at limiting the risks of contagion for employees were monitored by an Inter-Functional Task Force specifically established at Group level and were developed simultaneous with the pandemic situation, taking into account continuous regulatory developments on the matter.

Activities regarded organisational aspects, real estate (systems and environments), emergency management, entries into the company, supplier management, personal protective equipment, information - training and health surveillance.

With respect to organisational aspects, travel was immediately suspended and all forms of aggregation were limited; at the same time, an extraordinary plan was launched to provide individuals with IT equipment (laptop computers, technologies for remote access to company systems, digital telephony applications, etc.) to progressively enable smart working, until reaching nearly all Group employees.

Furthermore, resources and structures for which presence at the office was required to ensure business continuity were identified, and dedicated authorisations were issued for them to minimise physical presence and guarantee respect for safety protocols.

As regards real estate (systems and environments), extraordinary maintenance and sanitisation activities were carried out on the air conditioning and duct systems, and the technical specifications were reformulated in cleaning contracts, so daily disinfection was performed using specific products in line with the instructions provided in Ministry of Health Circulars. The offices were outfitted with dedicated sanitising gel dispensers located at the entrances and in areas of transit and plexiglass protection screens were set up in areas with public access, reception areas and mail rooms.

As concerns emergency management, health emergency procedures were supplemented for the First Aid Officers, dedicated anti-COVID-19 personal protective equipment (goggles, gloves, FFP2 masks) was provided and specific training courses were held in webinar format.

The company was subject to capacity limitations for employees and suppliers, and entries were regulated by identifying and monitoring specific requirements such as the presence of detergents, wipes, surgical masks and sanitising gel. Temperature scanners were installed at Group office entrances to check the body temperature of individuals entering the premises. In all places of transit or possible aggregation, warning posters were affixed reminding those present to respect rules of conduct. For company shuttle services, when active, the vehicle capacity was reduced to guarantee distancing and they were equipped with disinfecting gel dispensers.

As regard suppliers, their presence was limited only to those deemed essential for office maintenance and specific contractual addenda were prepared to establish suitable measures to combat COVID-19.

A particular focus was dedicated to personal protective equipment, for correct identification and verification, along with the other aids for worker protection, with computerised logging of deliveries and the relative re-stocking.

No less important were the information efforts, for which specific brochures were prepared on the rules of conduct to be adopted, which were also made available in the area dedicated to the COVID emergency created on the Group's intranet. As regards Training, a distance training course was also prepared and launched on the rules to be respected while in the office by all employees who guaranteed business continuity.

On Health Surveillance, there were significant, ongoing interactions with the company physicians on protocols, positive cases, returns to work after having tested positive and the management of vulnerable individuals. Employees were also provided with a toll-free number, run in collaboration with UniSalute, to consult with medical personnel available 24 hours a day.

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

Furthermore, to support the mental and physical well-being of employees throughout this difficult period, **the Group activated weekly seminars on self management** (management of uncertainty and emotions, new organisation of time, management of relationships through technology), **well-being** (sleep, nutrition, posture, mindfulness) **and the management of family members** (support for the elderly, management of children).

Lastly, considering the continuation of the pandemic, **the Group planned a remote counselling initiative, "Parliamone"** (Let's talk about it), launched in early 2021, to support people in managing critical issues in their personal life, which the pandemic may have caused or accentuated, and the repercussions that they may have in the medium term.

The welfare system

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

In the Group, **11 Pension Funds** (in addition to other forms of supplementary pension plans) and **16 Welfare Funds** are active to cover workers in the insurance, agricultural, commercial, tourism and services sectors.

As regards the pension system, more than 9,500 employees and managers are enrolled in the **Pension Funds**. Overall, more than €20.2m in contributions were made by UnipolSai Group companies for executive and non-executive personnel. The regulation of the Pension Funds stipulates that it is possible to maintain membership and consequently make voluntary payments into it even when staff are no longer employed by UnipolSai Group Companies.

The UnipolSai Group's **Welfare Funds** have more than 10,000 enrolees, including executives: in specific cases in point regulated by the contracts, collective contracts and company regulations, enrolees can continue to benefit from assistance coverage for the time the sources establish even if no longer employees of the Group Companies.

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

Pension Fund	**Executives**	**Employees**
Percentage **enrolled**	100%	81.3%
Total contributions (€m)	4.6	51.9
Impact of **company contributions**	58%	34%

Welfare Fund	**Executives**	**Employees**
Percentage **enrolled**	96.4%	85.5%
Total contributions (€m)	2.1	19.6
Impact of **company contributions**	93%	88%

Alongside these initiatives, the Company has also provided a structured **second-level company welfare system** for some time now, for the well-being of its people and to improve work-life balance during life's various stages and conditions.
The Group's initiatives aimed at colleagues and their families, combined under the "noiUnipol" logo, are categorised into 3 areas: "for You", which includes services to support mental and physical well-being (counselling and coaching services, agreements with gyms) and other free time services (medicine delivery, laundry and shopping); "for your Children", which includes parenting training to reconcile the multiple roles and initiatives for children from 0 to 25 years of age (Child master, agreements with crèches, summer camps, study grants, cultural exchange programs, educational orientation programs, etc.); "for your Family", initiatives to support caregiver employees who care for their family members who are not self-sufficient (consulting from a social worker, subsidised local services, Care master).

In 2020, also considering the onset of the pandemic and its consequences on people's quality of life, the **assessment of the social impact of Welfare, already performed for the first time in 2019,** was offered once again to understand and measure the changes generated by the "noiUnipol" initiatives, deemed even more valuable in such an uncertain and complex situation. The monitoring area of this impact report focused on four initiatives, using different types of both qualitative and quantitative indicators, aimed at analysing inputs, activities, outputs and outcomes over the medium and long term.

Considering the innovative nature of this analysis and the importance of dialogue with respected external subjects, the Group confirmed the Committee for the scientific supervision of the project, coordinated by LUMSA University and composed of experts on impact assessment, which validated the methodological aspects of the analysis and the results obtained.

With respect to the previous impact analysis, in 2020 it was deemed appropriate to administer the questionnaire to all employees. This made it possible to more precisely check the differences identified between those who did and did not make use of the welfare initiatives.

The methodology developed helped to measure the *Welfare Impact Index* on:

Individual well-being:

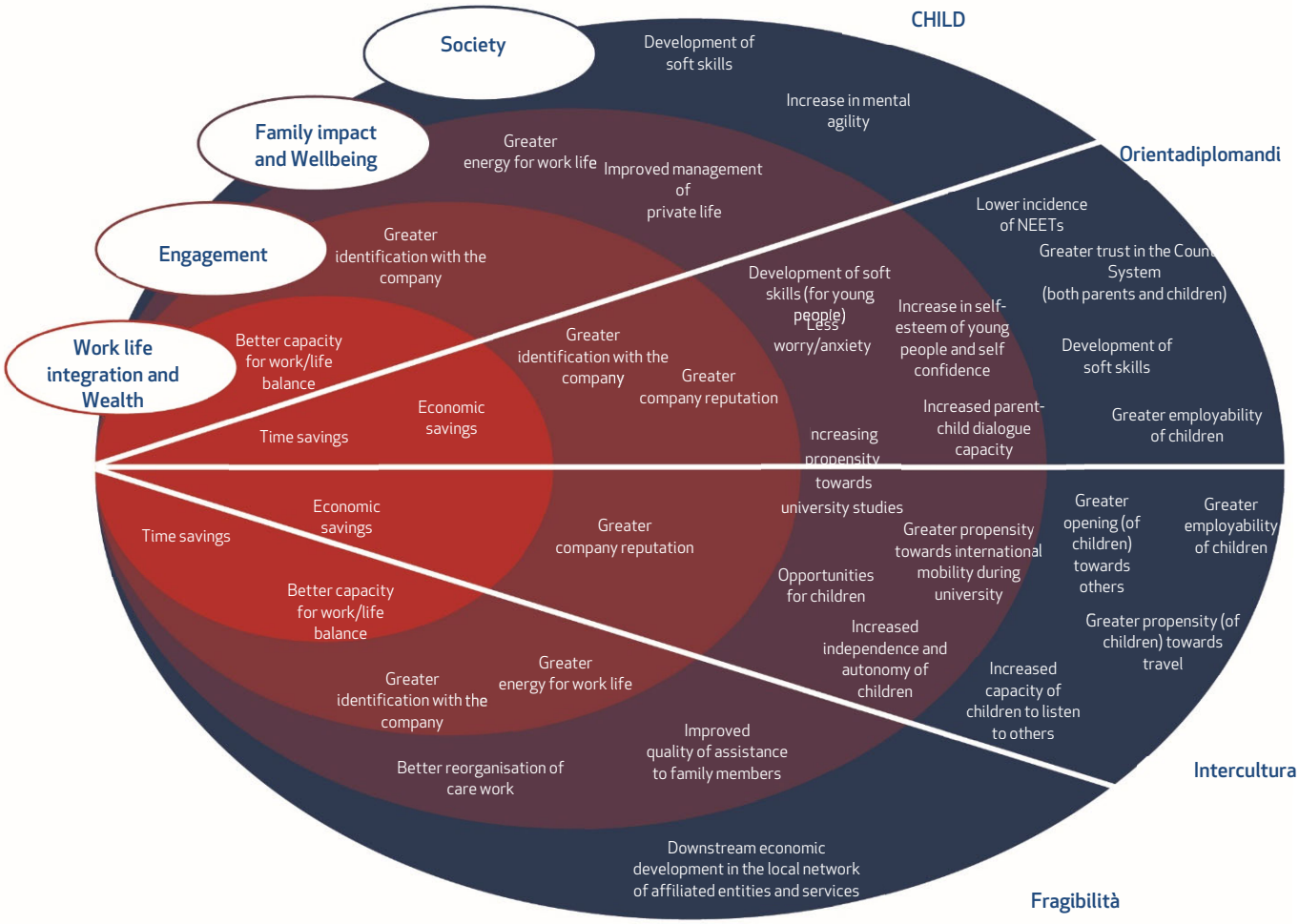
- *Well-being*, or the worker's mental and physical wellness;
- *Engagement*, or the feeling of being part of the company;
- *Wealth*, or the aspect of economic well-being;
- *Individual Work-Life Integration*, or the possibility of effectively integrating work and private life, without one interfering excessively with the other;
- *Family Work-Life Integration*, or the possibility of effectively integrating work and private life (Family Impact)

Organisational well-being:

- Organisational identity, or the perception of the level of identification with the company
- Organisational support, or the perception of the company's close support at both a personal and professional level

The results of the questionnaire brought to light a significant impact with respect to users in particular as regards *family work-life integration*, at an excellent level; the economic well-being generated, engagement, company identity and organisational support, at a good level.

Main social impacts of the welfare initiatives



For the analysis, various methods were used, including surveys, comparison with other experience acquired, scientific publications and analysis of data from public sources and literature. Below are some of the findings from the four areas of analysis:

- The "Child" analysis (*Maternity as a Master*), the online master's program for future or new parents which trains them on soft, transversal and parenting skills and their professional role, showed that 33.4% of participants improved their capacity to manage their personal life and 37% improved their capacity to be energised from their work and transfer this to their daily life. Furthermore, 24% improved their capacity to manage change, 30% their mental agility and 32% their listening skills.

- As regards the career guidance programmes aimed at providing informed and reasoned support for what career paths to choose ("Push to Open Junior" for children in high schools and "Push to Open" for students about to graduate), the analysis showed that 2 in 3 children gained confidence in themselves; in 46% of cases, the course influenced their decision to enrol in university, while only 2.8% of the children who participated in the program during previous years gave up their studies, a figure considerably lower than the national average. According to 65% of parents, the time saved in looking for information, both for themselves and their children, increased by 10 days, and 62% felt that their level of anxiety and concern fell with regard to making the right choice.

- For the Intercultura study grants, which enable children of employees to participate in a summer or annual study abroad program, the analysis showed positive impacts on well-being and self-perception with respect to the skills of the

participants, including listening skills (average score of 3.41 on a scale of 1 to 5), working in a group with others (average score of 3.39) and the ability to act independently and manage daily life (average score of 3.6). Furthermore, 39% of the students believe that the experience abroad influenced their decision to enrol in university.

- The analysis of the Fragibilità program, supporting caregivers with a dedicated contact centre and an integrated network of services on a national scale, recorded for 57% of employees an improvement in the capacity to manage daily life despite work commitments, increased energy (average score of 4.5 out of 5), increased tranquillity deriving from better and more knowledgeable ability to make decisions (average score of 4.5 out of 5) and a considerable identification with the company (average score of 4.97 on a scale of 1 to 7). In terms of impact on the family, 67% declare that they saved up to 5 business days in seeking out information relating to assistance for non-self-sufficient family members.

An additional important new feature in 2020 was the introduction within the calculation of the SROI on two initiatives of the 4 in scope, selected due to their greater impact on people. It was found that, for the orientaDiplomandi program, every €1 invested generated €2.16 in social benefits, while for Fragibilità, every €1 invested had a return of €2.72.

Sustainable mobility

On Mobility Management, due to the health emergency and subsequent recourse to homeworking and the inescapable forced changes in the travel/mobility habits of workers, it was not possible to conduct new and additional analyses or update the documents. The health emergency also made it impossible to carry out initiatives already under way or being planned. The initiatives that were renewed but with a reduced user group included the economic incentive to purchase public transport passes, the availability of a company fleet of electric bicycles, consisting of 86 bikes at the end of 2020, and infomobility services published on the UnipolEcomobility website.
On the other hand, the initiatives postponed to the near future included the planning of cycling initiatives in the various cities to boost employee propensity towards using bicycles, the process of optimising company shuttles, with a view to reducing costs and making the service more efficient in terms of greater usability and punctuality, the reinforcement of carpooling initiatives, car sharing accompanied by training programs for employees and agents on safe driving, eco-friendly driving and road safety to reduce road accidents.

These initiatives are an integral part of the Company Sustainable Mobility management policies adopted within the UnipolSai Group, policies founded primarily on a systemic approach with the goal of contributing to significantly reducing the levels of urban traffic congestion and atmospheric pollution, thus generating benefits at environmental, social and economic level.
Mobility Management activities are structured into a series of policies and procedures that define an integrated strategy aimed at managing staff commutes, through information on various transport offers, the reorganisation and continuous improvement of existing transport services and the programming of new solutions, based on people's specific commuting needs and their willingness to change. This activity is coordinated by the Mobility Manager, who proposes and governs sustainable mobility programmes and interventions, including through the development and implementation of Work/Home Commuting Plans ("PSCL") for staff in the various offices (PSCL were drawn up for 10 different cities that include around 40 offices).

Over the years, the awareness of employees surrounding using more sustainable means of transport has grown, allowing for a significant reduction of polluting emissions. To better understand the impacts of the pandemic situation on the trend of emissions linked to commuting, those linked to **employee homeworking**[39] were also estimated. By developing a comparison between emissions actually generated while commuting throughout 2020, taking into consideration the days on which they actually went to work and whether they had a local public transport pass, and the emissions that such employees would have generated if they had gone to work for the entire year (without using smart working) with the same modal mix, it was possible to calculate savings in terms of pollutants. Overall, during the year 2020, the adoption of smart working prevented over one year 355,272 kg in carbon monoxide (CO) emissions, 57,866 kg in nitrous oxide (NO_X) emissions, 29,794 kg in volatile organic compound (VOC) emissions, 2,183 kg in methane (CH_4) emissions, 2,161 kg in particulate matter (PM) emissions and 14,495,177 kg in carbon dioxide (CO_2) emissions.

[39] The emissions of atmospheric pollutants from road transport were estimated by making use, within the general methodology, of the Copert (Computer Programme to calculate Emissions from Road Traffic, Ntziachristos L., Samaras Z., 1999) mathematical model based on a broad set of parameters that take into account the general characteristics of the phenomenon and the specific application realities. The results obtained from sustainable mobility policies take into consideration January and February 2020, as they were the only two months in which employees were able to regularly go to the office, which was not possible thereafter as a result of the healthcare emergency.

Industrial relations

As a result of the COVID-19 pandemic, Industrial Relations activities were characterised by trade union discussions in the various productive contexts of Group company operations, in order to:

- adopt a series of measures to guarantee compliance with health-hygiene requirements and promote the contractual application of smart working for almost all employees;
- define the contractual institutions necessary to manage the significant decrease in activities recorded during the year.

In particular, in the insurance sector several trade union agreements were signed, governing a partial reduction in work activities, for a total of 18 days, first through the use of leave accrued and not yet taken and then by recourse to the ordinary section of the Solidarity Fund, in any event guaranteeing full protection of remuneration and the correlated contribution. Furthermore, the use of all holidays due for the current year was also encouraged.
Overall, for all the Group companies, 37 trade union consultation procedures were undertaken, leading to 97 meetings held and the signing of 25 agreements. During the year, 138,931 hours of trade union leave were used and 31 trade union meetings were held, primarily addressing matters linked to the ongoing epidemiological emergency. There were no strikes.
All employees in Italy are covered by the sector collective agreements, while 64% of employees in Italy are union members with reference to the Companies to which the national insurance sector and services sector agreements apply.

At the same time, there was no significant recourse to judicial disputes with employees, either in the workforce or who have left their position: in 2020, 97 cases were managed on questions of employment, 66 of which were pending at 31 December 2020.
There were no costs incurred by the Companies as the losing parties in cases with the force of res judicata due to disputes with personnel.

UNIPOLSAI AND SOCIETY

Suppliers

8,500
UnipolSai Group trading partners

€ 1,149 m
paid to suppliers

98%
expenditure for supplies in Italy

50%
proportion of costs covered by contracts including the Supplier Code of Conduct

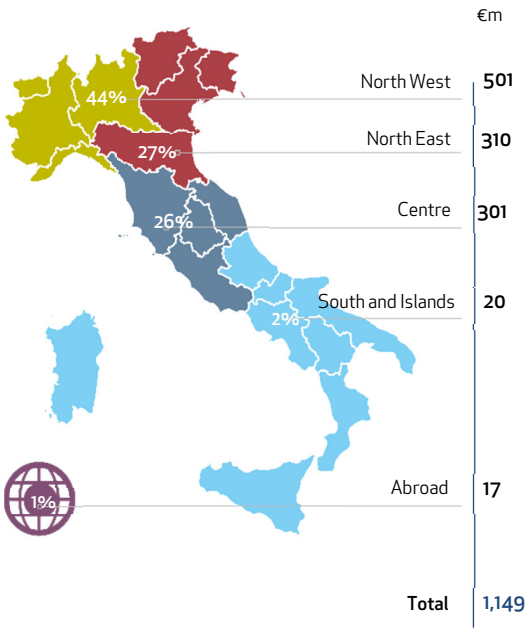
The objective of relationships with Suppliers is to negotiate the best quality-price ratio and create shared value, with a focus on environmental protection and respect for human rights. This makes it possible to generate positive impacts in terms of sustainability and the management of ESG risks, especially in the most critical procurement areas such as IT systems and services, structural and logistics services, real estate projects and building maintenance

At 31 December 2020, the Group traded with roughly 8,500 companies, for total expense of €1,149m, of which 98.5% disbursed in Italy (excluding the foreign suppliers of the subsidiary Ddor Novi Sad). On a like-for-like basis, the comparison with the previous year marked a decline of 16%.
The Group purchases goods and services from large international groups, SMEs and innovative start-ups and social enterprises (cooperatives, associations, foundations and other organisations offering socially useful goods or services).

Without prejudice to several exceptions of limited significance at overall level, the supply chain of the Group, which does not acquire raw materials and does not deliver physical goods to customers, is not particularly complex.

Distribution according to category shows a significant impact of spending, in terms of numbers as well as expenditure, on suppliers linked to Real Estate Asset Management and service providers, with a particular predominance of miscellaneous services, which include such heterogeneous services as training, telephone and Internet services, delivery and archiving. Although not as significant in terms of numbers, in terms of value transferred, the considerable weight of the Information Technology category represents 18% of the amount paid. The significant share of expenditure for information systems is linked to the centrality of information technologies in the running of Group operations.
An increasing incidence of the types of purchases typical of the diversified companies is the result of the acquisition of the company UnipolRental.

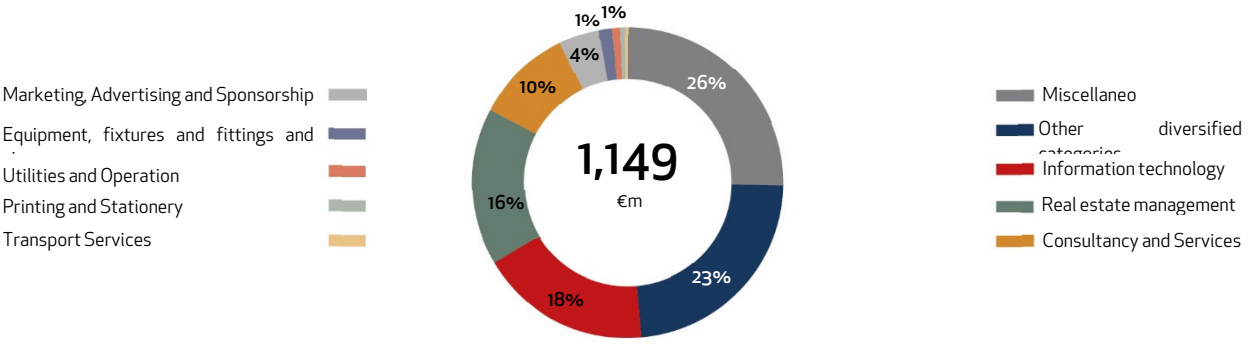
Amount paid to suppliers by region



The figure does not include the company Ddor Novi Sad. whose total expense came to €12.5m

Similar to employees, agents, policyholders and the general public, the UnipolSai Group also provided its support to suppliers to handle the socioeconomic emergency generated by the pandemic. In July 2020, the **#unamanoaifornitori** campaign was launched in order to increase liquidity through payments in 30 days, still under way at the date of publication of this document.
This action was proposed with the awareness of the importance of prompt payments, especially for SMEs, and is also intended to reinforce the continuity and quality of relationships with suppliers. Participation in the initiative is open to small and medium enterprises that supply the Group with all categories of products throughout the country, which follow company supply procedures, guaranteeing their effectiveness.

Breakdown of suppliers



The figure does not include the company Ddor Novi Sad.

Supply chain management

Relations with suppliers are governed by the Code of Ethics, Charter of Values, OMM, Code of Conduct and internal policies characterised by ethics, integrity and transparency.
Relationships with suppliers are mediated through the **Supplier Portal on the Ariba Network platform** in which suppliers are regularly listed, selected and monitored, by assessing not only their economic/financial and technical/organisational characteristics, but also the information guaranteeing regulatory/legal compliance.
In the **qualification** phase, suppliers must have viewed the following documents (published in the supplier portal): Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/2001; Purchasing process and rules of conduct which Group suppliers are required to follow; Code of Ethics and Charter of Values. Through this step, suppliers undertake to comply with the anti-corruption measures adopted, occupational safety regulations, current laws and National Labour Agreements, to tackle all forms of discrimination and to guarantee to the Group that they have enacted the necessary protections which govern the assignment of activities to external individuals/businesses.
Also during this phase, suppliers are asked to provide, in addition to the information ensuring legal/regulatory conformity, financial solvency and qualitative performance, information relating to their compliance with the **legality rating** and commitment to sustainability; this enables the Group to grasp the extent to which they take account of and adhere to **social and environmental aspects**. The aspects surveyed, concerning possession of environmental certifications, the measurement of pollutant emissions, the application of company policies against discrimination and in favour of the inclusion of diversity, worker health and safety management and work/life balance, contribute to the attribution of the rating which qualifies the supplier on the whole.
If the result of this assessment is positive, suppliers are listed on the Group's Supplier Register and may be invited to procurement events.

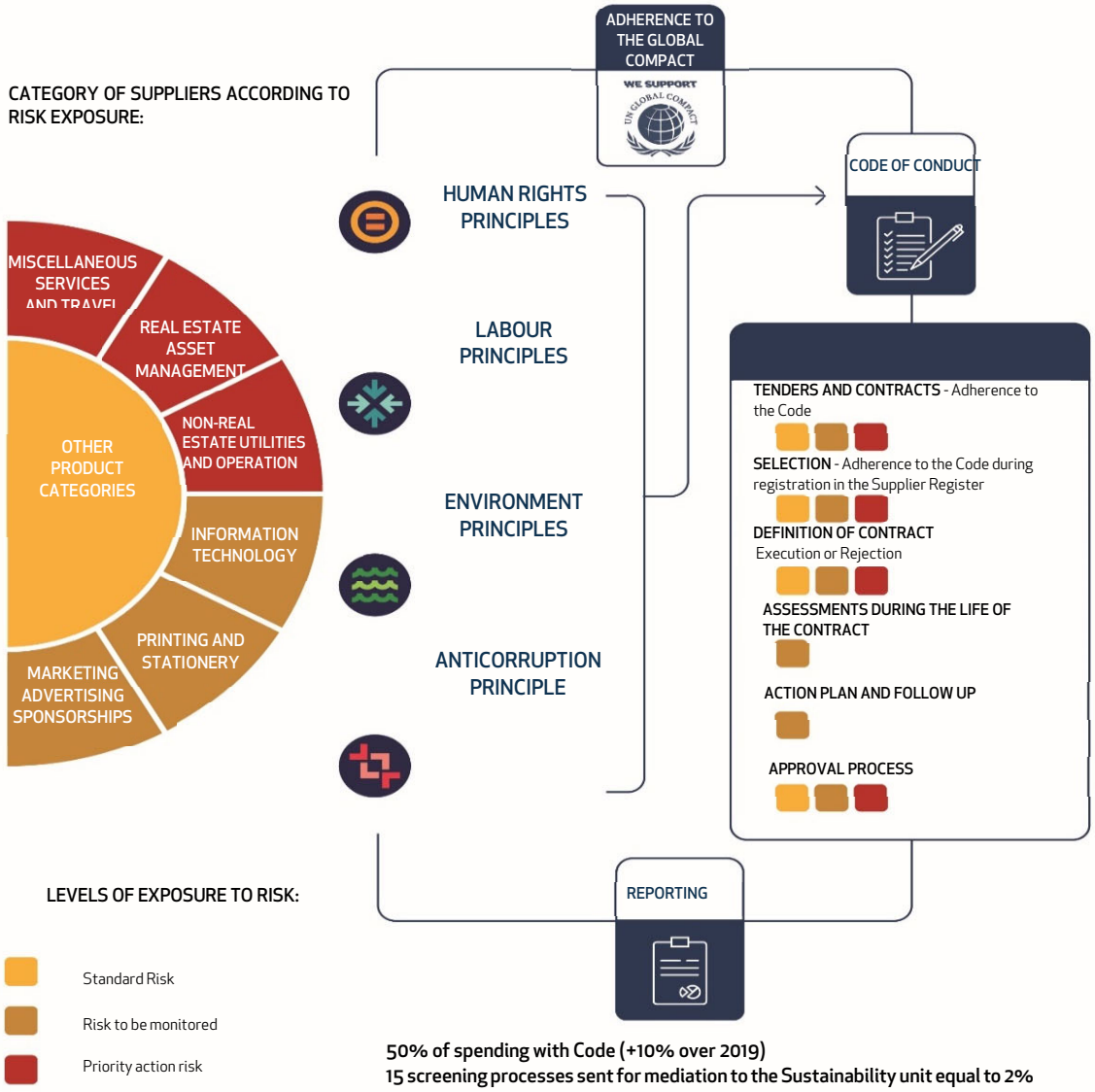
At the end of 2020, excluding the foreign suppliers of the subsidiary Ddor Novi Sad, 18.3% of overall costs were paid to suppliers enrolled in the Register, i.e. qualified companies, representing the partners with which the UnipolSai Group has an ongoing and significant relationship, both in terms of level of value of expenditure as well as strategic importance of the products/services purchased. The decrease of 20 percent compared to the previous year was due to the replacement of the Register management platform with new registration applications now being entered; it should be noted in particular that the volume of spending ascribable to suppliers operating in the two financial years, but not yet registered on the new Register, amounts to over €150m.

The Outsourcing and supplier selection policy requires fair and responsible stakeholder management requirements to be evaluated within supplier selection criteria.
Suppliers must make a commitment to respect the **Supplier Code of Conduct** for responsible procurement (or the "Code"), adopted at the end of 2018 and inspired by the principles of the *United Nations Global Compact* and ISO20400[40] on responsible procurement.

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

[40] ISO standard which provides orientations to organisations, irrespective of their business or size, on the integration of sustainability within their purchases

Reporting procedure and ESG risk management system in the supply chain



50% of spending with Code (+10% over 2019)
15 screening processes sent for mediation to the Sustainability unit equal to 2%

The ESG risks identified according to UN Global Compact principles (Labour, Human Rights, Anti-corruption and Environment) were mapped for each product category, assessing the existing exposure and level of control. The risk and control mapping, regularly updated, led to the identification of product sub-categories[41] that are high-risk for the Group in ESG terms.

The Code outlines what Unipol expects from its suppliers on the protection of human and workers' rights, protection of the environment and the fight against corruption and envisages - amongst other aspects - the right of Unipol to check the supplier's

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

processes and structures to verify their compliance, as well as apply penalty mechanisms if they continue not to comply with the Code.
Suppliers, except for the Public Administrations and independent freelancers (whether or not they are members of professional bodies), are asked to sign the CdCF when signing or renewing their contract.

At the end of 2020, contracts that include the Supplier Code of Conduct covered **50% of total procurement expenses**[42] (+10pp over 2019). In 2020, the Procurement Department called on the Sustainability Department in **15 in-depth preliminary inquiries** with regard to Suppliers who, in some cases had submitted documentation proving their readiness and commitment to meet the sustainability requirements established in the Supplier Code of Conduct as an alternative to underwriting the Code itself. The actions taken (that concerned 58% of the suppliers operating in the Information Technology sector) were successfully completed.

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

Details of the initiatives and results in terms of reducing the indirect environmental footprint are available in the "Oversight of environmental impacts" section

[42] The Code of Supplier Conduct does not apply to purchases of the company UnipolRental governed by specific contractual agreements. The Parent Company retains the right to decide whether to extend the principles of the Code of Supplier Conduct on the basis of risk-based assessments and to the extent to which this is compatible with specific sector regulations.

The Community

€ 20 mln
donated to deal with the health emergency

€ 8.3 mln
Value of sponsorship contributions and donations through the Corporate Sponsorship Program

2.5%
Contributions to the community as a percentage of pre-tax profit

The support and attention to the requirements and needs of the community in which the Group operates, referred to in the Code of Ethics, is governed by the "**Corporate Sponsorship Program**" which identifies five areas: artistic and cultural heritage, the environment, scientific research and social benefits, sports and entertainment.
For the Group, the promotion of activities and initiatives concentrated on the empowerment of younger generations, especially through sport, represent a response to increasing social instability and the polarisation of society, founded on the principle of solidarity and social inclusion.
The adoption of the Corporate Sponsorship Program as an internal policy on donations and sponsorships shared across all activities performed by the Group companies, made actions more effective, overseen by processes and procedures aimed at preventing any possible personal or corporate conflict of interest, and facilitated the monitoring of the process for approving projects to be supported.

The year 2020 was characterised by healthcare support in favour of the regions most impacted by the health emergency. Starting in March 2020, **UnipolSai set aside €20m to deal with the coronavirus emergency** in the areas with the most critical situations.
In close agreement with the Regional Authorities, Civil Protection and all institutional stakeholders involved in managing the emergency, Unipol allocated those resources to increase the availability of beds in hospitals, particularly those in intensive and sub-intensive care, and for the acquisition of the health equipment required to deal with the spread of the pandemic. In agreement with the Lombardy Region, €6m was disbursed for:

- the extraordinary purchase of pulmonary ventilators and consumables such as masks, protective suits, disinfectants and the instruments needed by healthcare facilities to limit the opportunities for contagion;
- the creation of a new emergency medical facility in the Fiera Milano City pavilions.

At the same time, the Group offered its support to the community of Bergamo, one of those most impacted by the COVID-19 emergency, by supporting the activities of the humanitarian organisation Cesvi. The Company donated €1m to purchase a mobile CT scanner, a machine that was fundamental during the emergency phase, for the field hospital set up by the Italian Alpine soldiers in Bergamo, to identify pulmonary signs of the disease in the early phase, evaluate the extent and evolution of coronavirus infection and also show whether patients had fully recovered.
Furthermore, in agreement with the Emilia-Romagna region, €5m was donated for:

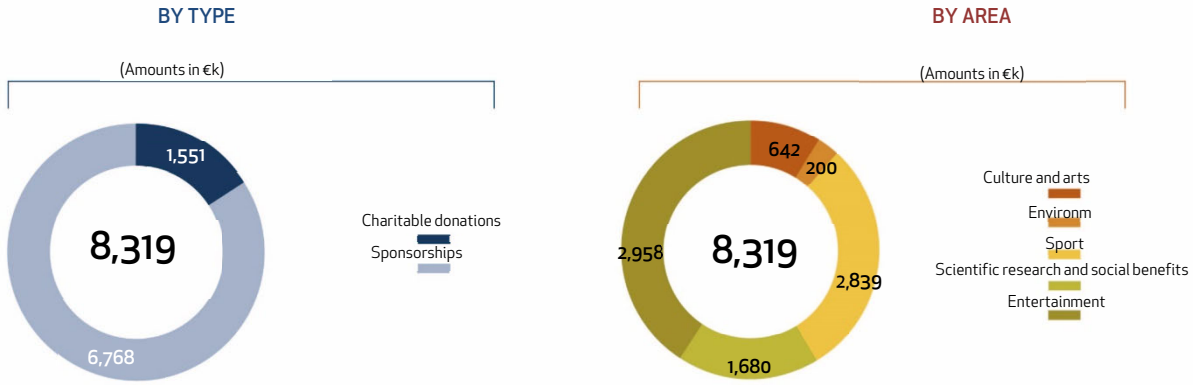
- the construction of a new pavilion at Sant'Orsola Hospital in Bologna, dedicated to treating patients suffering from coronavirus, with 90 beds of which 44 for intensive and sub-intensive care;
- the creation of new recovery areas at Bellaria Hospital in Bologna with 88 beds, of which 73 for intensive and sub-intensive care and the strengthening of the emergency medicine area.

Support was also provided to the law enforcement authorities for the efforts taken to deal with the emergency, with €1m distributed equally between the Carabinieri, the State Police, the Italian Tax Police and the Fire Brigades, and another €1m to Civil Protection to acquire protection equipment.
Another €1m was donated to Civil Protection for a specific initiative to support the families of doctors and healthcare workers who died as a result of the pandemic.
A €1m contribution was made to support initiatives to handle the emergency in the Marche Region, €200k was provided to the City of Turin local health authority for the acquisition of protection equipment and materials for the Intensive Care Unit at Martini Hospital and lastly €300k was donated for the purchase of 15 pulmonary ventilators for hospitals located in Lombardy and Emilia-Romagna.

Thanks to the generosity of Group employees, agents and their associates, it was also possible to donate **two million meals** that were distributed, in the form of groceries, by the Food Bank through 7,500 associations and charitable groups that offer aid to people in need throughout Italy.

With respect to the resources managed according to the Corporate Sponsorship Program guidelines, the UnipolSai Group has overall allocated €8.3m to the community (€9.4m in 2019), broken down into sponsorships and charitable donations. The overall figure, including donations to handle the coronavirus emergency and donations to the Unipolis Foundation, amounts to 2.5% of the profit before tax of €1,118.6m, corresponding to an average contribution per employee of roughly €2,423.

Contributions to the community according to area and type*



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

In the year 2020, the partnership continued between UnipolSai and **C.O.N.I.** (Italian National Olympic Committee), bearing witness to the support provided by UnipolSai to individuals, the country and the entire Italian economic system, here represented by its highest level athletes.
The Group's desire to support sport also includes a series of initiatives such as the historic support to Briantea 84, a basketball team composed of disabled players, and the sponsorship of the FIN (Italian Swimming Federation), which also involves a major insurance part: in fact, UnipolSai guarantees the insurance cover of the Federation, its Central and Peripheral Bodies, the Companies and their members for the three-year period envisaged under the agreement.

Other supported initiatives include the following:

- in the **cultural field**, support for the "Che Storia" Festival, a historical and cultural project produced by the Giangiacomo Feltrinelli Foundation, and the promotion of the International Festival in Ferrara, as well as support for a number of other events and cultural bodies, especially theatres in various Italian cities;
- in the **environmental sphere**, the continuation of the "Bellezza Italia – Tuteliamo insieme le meraviglie del Paese" project, the campaign born from the collaboration between the Group and Legambiente to promote and carry out actions for the recovery and revitalisation of neglected areas of Italy and return them to residents and tourists for enjoyment, thus enhancing Italy's artistic, cultural and natural assets;
- amongst the **scientific research and social benefits projects**, the support to the Fondazione Banco Alimentare and the international day for the eradication of poverty, alongside the relationship with many other players in the third sector and scientific research;
- in the realm of **entertainment**, the year 2020 saw a continuation of the collaboration with Fondazione Musica Insieme, with the goal of promoting an original artistic formula and creating high-quality cultural events accessible to the wider public. The Group also continued to support the Bologna Jazz Festival, Biografilm Festival and Cineteca di Bologna.

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

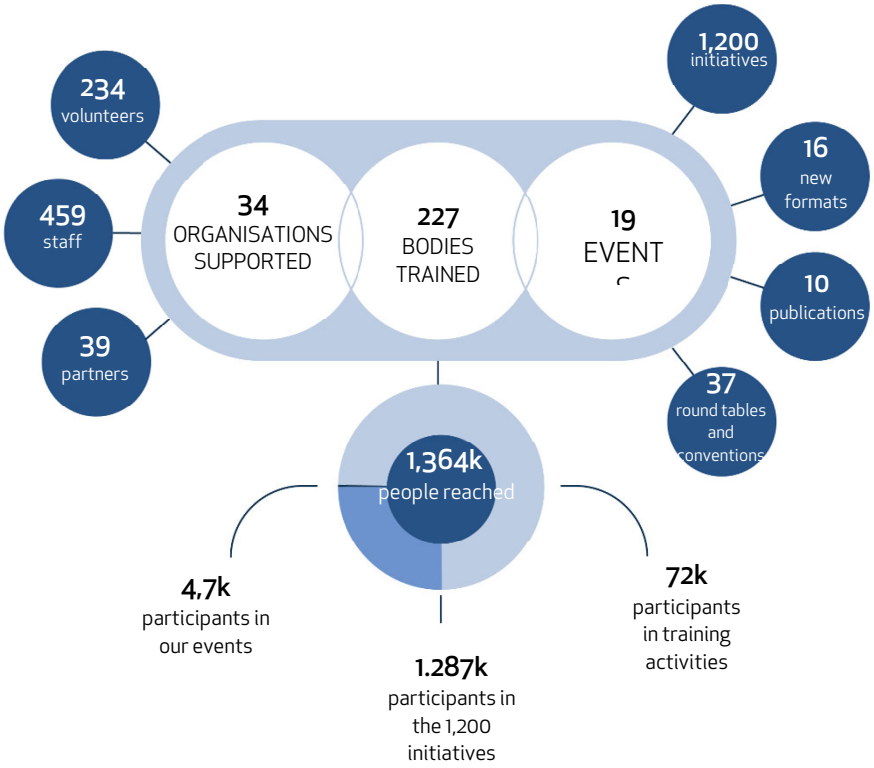
Within the more comprehensive strategy of sustainability and relationships with the community, one of the most important tools for implementing social responsibility initiatives is the Unipol Group's business foundation. In 2020, the contribution to the **Unipolis Foundation** totalled €750k to be used according to the areas of work defined by the Foundation's Board of Directors, provided they are in line with the strategic guidelines regarding Group sustainability.

The Foundation is an open and welcoming association that empowers other bodies. It acts through projects and interventions, both its own and those organised in partnership with other parties active in the community), and by pursuing research and awareness-

raising activities and supporting, through financial disbursements, parties that contribute to generating social well-being across the country.
In 2019, it adopted a Three-Year Plan for the first time, setting itself the goal of becoming an established space for innovation and experimentation, able to operate on a national level in a horizontal and cooperative fashion, with a particular focus on the Third Sector.
The Unipolis areas of intervention identified for the Three-Year Period are Well-Being, Culture, Employment and Mobility, in line with the Group's core business. Within these areas, the Foundation structures its cultural, social and civic growth targets, with a particular commitment to knowledge and training. The meeting between the different generations, the constant commitment to raise awareness and spreading a culture of legality and support for sustainable development and social cohesion processes represent cross-cutting and significant issues for the Foundation's activities. In 2020, the economic resources were allocated to the areas of intervention as follows: **Culture 40%, Well-being 31%, Work 8%, Mobility 14%, Solidarity donations 7%.**

Since 2019, the Foundation has published its own impact report, "**Unipolis in numeri**" (Unipolis by the numbers). The document is the result of a process of evaluating its results, initiated to improve the management and return of actions taken, as well as favour the design of the strategy and future objectives.
An **Open Report** has also been implemented. This is a portal integrated into the institutional website to highlight and progressively share the shared value created through the activities carried out and projects promoted.

Unipolis results in 2020



For an overall description of all the activities and projects of the Unipolis Foundation, refer to this website http://www.fondazioneunipolis.org/

CUBO , the Group's corporate museum, also plays a significant role, by promoting the Group's values through cultural initiatives, such as **exhibitions, events and laboratories** on current issues, innovation, the arts and memory for a broad audience that ranges from teenagers to adults, with particular attention paid to schools. CUBO boasts a multimedia space where visitors can access the digitised material in the **historical archive**, and a space with **driving simulators** for safe driving courses.
In order to handle the limitations imposed by the health emergency, the museum has set up a personalised streaming platform and has offered digital events, thus moving beyond the usual reference geographical areas.

Aside from the dedicated platform, CUBO has created a new infrastructure for its website, which includes multimedia materials to support the initiatives and connections with the social channels dedicated to the museum. The section dedicated to initiatives has been enhanced with information, multimedia materials and connections with other offerings to allow visitors to navigate and satisfy their curiosity. With the cooperation of leading associations and cultural bodies, CUBO participates in public meetings and promotes initiatives aimed at employees and their families, including within the Group's main offices in Italy.
Some of the activities proposed to the CUBO public include:

- **Exhibits**: the main exhibitions organised in 2020 were: "One, Too, Free", a festival of "experimental artistic dialogues" included in the Artcity event promoted by the Municipality of Bologna during Arte Fiera; "Fight Art", a multimedia exhibit with video interviews of contemporary artists who in recent years participated in exhibits and cultural projects at CUBO; "Reassuring Faces. Work and people in the Unipol Group" - the fourth edition of the Business Stories cycle, to promote the company's historic and documentary heritage.
- **Education**: during the health emergency, the education line was intensified - for children, secondary schools and adults - with a view to supporting educational development and people's mental stimulation. The topics proposed range from geography to science, history and narrative, for a total of 95 sessions.
- **Events**: meetings for the adult public, shows, conferences and conventions with internal and external partners on various topics from new technologies to literature, society and the environment, from history to current events and psychology, for a total of 54 sessions.

In the course of 2020, CUBO carried out more than 150 initiatives (compared to 400 in 2019) viewed on digital channels by over 100,000 people, with the direct streaming presence or participation of more than 11,000 people (vs 30,000 in 2019), of which around 2,000 minors (vs 3,200 in 2019). In total, for the CUBO areas of intervention, the amounts disbursed in 2020 totalled €400k (vs €700k in 2019).

Among the most significant projects carried out directly by the Parent Company, there was the continuation of the insurance literacy course entitled "**Eos, Conoscere l'Assicurazione**" (EOS. Learning About Insurance), aimed at over a thousand children from upper secondary schools: around 50 classes primarily in the regions of northern and central Italy who followed 6 training modules of the "I Casi della Vita" (Life Events) educational project, consistent with the "Percorsi per le competenze trasversali e per l'orientamento" (Transversal skills and orientation courses) referred to in Law no. 145 of 30 December 2018.
The methods for providing content were quickly adapted to the conditions that characterised educational activities in 2020. With active educational approaches (cooperative learning, role playing, production of materials, conceptualisation of a business plan) in person or remotely (DAD), the students are accompanied by expert support staff to analyse the topics proposed.
The activities were developed using the personal risk experiences of the students, to analyse the dynamics of the decision-making process, develop solutions and prevention and introduce concepts regarding corporate risk and risk prevention and management at company level. The concluding learning module involves the development of veritable business projects, to analyse risks and the counter-moves to be deployed through a "disaster recovery plan", to begin to understand the basic concepts of doing business.
During the year, UnipolSai also collaborated with FEduF (Foundation for Financial Education and Savings) in the "**Pronti, lavoro…VIA!**" (Ready, work...GO!) project, founded with a view to introducing young people to the world of work and concepts regarding retirement. In particular, UnipolSai has developed the online training module "Risk and Insurance. I protect and I protect myself". The project was publicly launched with a **Digital Live Talk** managed by the scientific communications company Taxi1729 and addressed at the schools enrolled in I Casi della Vita and other schools in various regions, involved by FEduF.

With reference to collaborations with the Member Organisations, please note the initiation of the **national project on issues in the marginal areas of the country named "CreAree"**. This is aimed at identifying (in collaboration with Local Institutions, particularly small municipalities, Foundations, Associations) solutions to the issues shared across the 72 areas concerned (such as the reuse of public and private real estate, Community development, mobility, relationship with the Public Administration, digitalisation and training), with the development of pilot projects in four areas (Gran Sasso-Subequana, Fortore, Nebrodi, Golfo di Taranto).

The commitment to strengthening the activities of the Member Organisations in the respective territories is also demonstrated through the training activities of 16 representatives organised by the Stakeholder Engagement structure in collaboration with the company UNICALAB, with a view to providing individuals already present in the Member Organisations with specific skills in order to facilitate the preparation of local development projects.

In 2020, the Project "**Urban Up - INOLTRE. Progetto Sharing the city**" (Urban Up - FURTHERMORE. Sharing the city project) was launched to contribute to the regeneration of the Milan suburbs. INOLTRE is an important project that will extend across spaces totalling 300,000 m2, to provide three suburban areas with opportunities for socialisation, culture, debate and research, along with a series of architectural and artistic installations. Sustainability, health and inclusion are the three values underpinning the entire project, broken down into 3 research areas, one for each location: health and well-being in post-global and post-pandemic cities on Via Senigallia; art and design in relation to climate change on Via Stephenson; capitalisation of shared urban assets in relation to local communities on Via dei Missaglia.

The monitoring of environmental impacts

In November 2020, the Unipol Group became a supporter of the Task Force on Climate-related Financial Disclosures (TCFD). This led Unipol and therefore also UnipolSai to consolidate its climate-related information reporting process. While the information linked to governance and the strategy is reported in the chapter "Identity and Strategy", this section focuses on the information linked to the recommendations of the TCFD on climate-related risks and opportunities (particularly in terms of products and services aiming to mitigate and adapt to climate change) and objectives and metrics.

UnipolSai adopts and implements the Group's specific policies and commitments to reduce its direct and indirect impacts on the environment, also thanks to the involvement of employees, partners and suppliers, incentivised and supported by the principles, guidelines and controls laid down in the Code of Ethics and Sustainability Policy, which commits the Group to protect the environment and land, sea and freshwater ecosystems as well as to fight against climate change.

Direct impacts

Energy consumption

As regards the environmental impacts of the buildings, the **three-year real estate plan strategy is based on three axes:**

- **Projects (investments):** all activities relating to new buildings or significant renovations of existing properties (properties for business use and properties for use by third parties) are characterised by the use of technologies designed to maximise energy savings, also by relying on renewable energy;
- **Facility Management / maintenance of existing buildings**: the objective is to constantly improve energy efficiency through plant maintenance and upgrades (as regards properties for business use as well as those for third party use);
- the implementation and continuous consolidation of an energy management system certified according to the **ISO50001 standard certification process**, which calls for a commitment to annually reducing electricity and heat consumption, applied across all of UnipolSai's real estate assets.

For the measurement of **climate-changing emissions**, the calculation methodology adopted is that laid out in Directive EU/85 of 2003 on the *emission trading scheme*, in addition to the international classification laid out by the GHG Protocol standard – and evoked in the GRI Standards – in Scope 1, Scope 2 and Scope 3.
The gradual closure of all operating offices throughout the country starting in March, following the deterioration of the COVID-19 health emergency, triggered a sharp reduction in consumption and the ensuing emissions.

Consumption was also impacted by actions to improve the efficiency of IT structures, one of the main sources of energy consumption after the heating and cooling systems. The server virtualisation process has made it possible to reduce the consumption of electricity to power and cool IT equipment by roughly 36,663 MWh/Year (26,435 MWh/Year in 2019), corresponding to around 11,825 tonnes of CO_2 avoided.

At the end of 2020, all the property assets of UnipolSai were certified in accordance with the ISO50001 **standard certification process** and the internal figures of Energy Manager and Mobility Manager represent a further oversight for achieving the Group's objectives. The data relating to the scope of the ISO Certification, which includes the headquarters, properties for third party use and properties for settlement activities ("CLG" or Group Settlement Centres), show a total annual reduction in consumption of 12% for 2020.

As regards purchases of ICT equipment, specific environmental assessment criteria are considered to guarantee reduced levels of consumption of energy and resources and it is requested that the equipment be supplied with the relevant specific energy and green certifications (for example, Energy Star or RoHS).

Aside from the commitment to continuously improve the energy efficiency of existing real estate assets, UnipolSai is also pursuing the goal of carrying out real estate development activities oriented towards the utmost energy self-sufficiency. Since the end of 2020, three of the Group's properties, located in Milan, at corso di Porta Romana, via Gaetano De Castillia and Torre Galfa, obtained the **BREEAM IN USE Certification with a level of Excellent**, which recognises the integrated approach in the design, construction, management, assessment and certification of different factors that influence environmental, social and economic impacts within the entire lifecycle of the building in question.

Renewable energy

Since 2015, the signature of contracts for the supply of electricity in Italy requires **100% of supplies to come from renewable sources**.

Water consumption

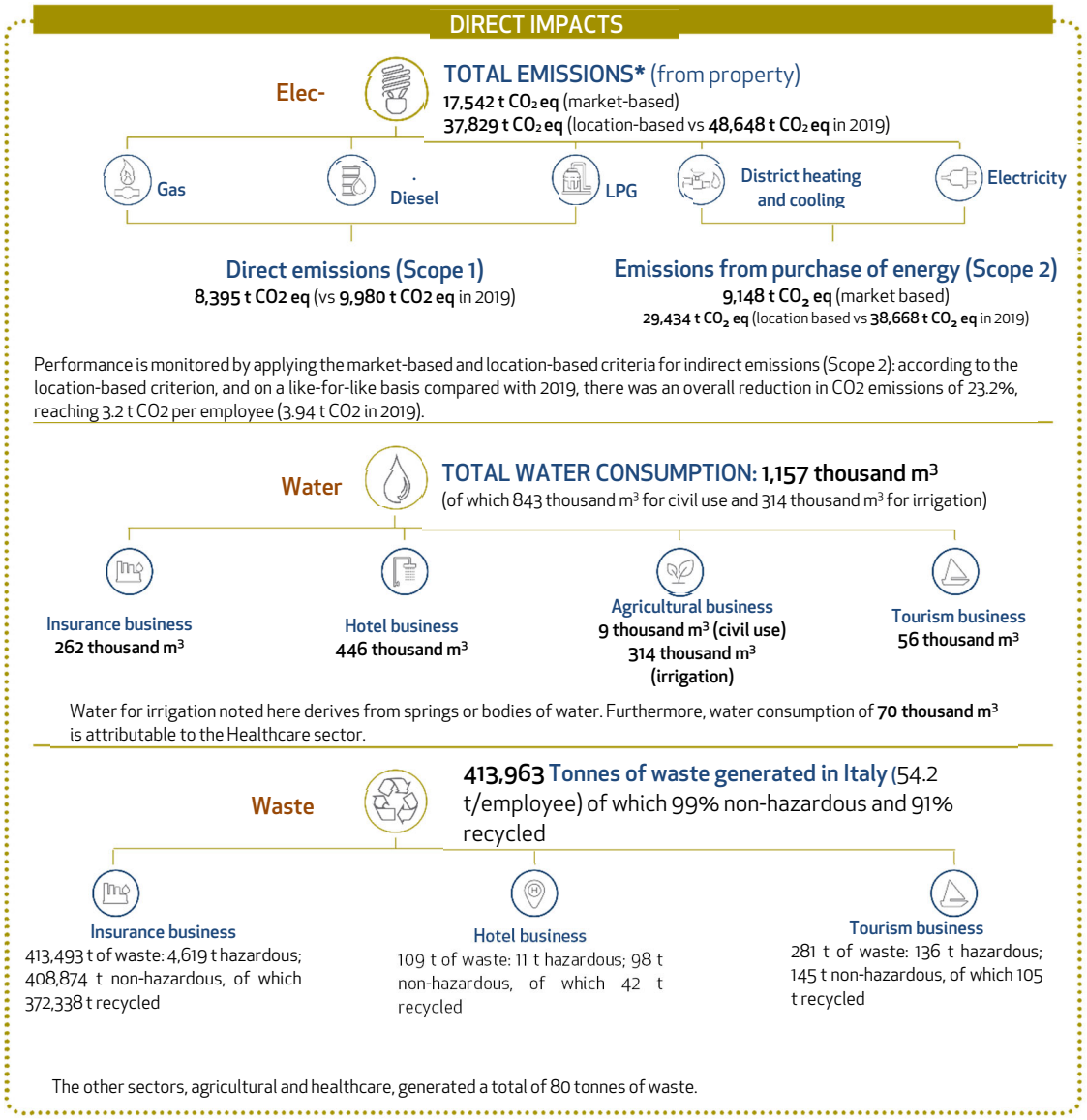
The use of **water** is primarily linked to hygienic and irrigation uses and, in limited cases, also for technological purposes in air conditioning systems. For hygienic uses, the water comes from the mains system or other water service management companies, while the water for irrigation also comes from springs or bodies of water.

Waste management and reduction

For **waste** management, the Group follows the directives of the various municipalities for collection and disposal and consequently adjusts processes and procedures to enable, where possible, recovery or regeneration; during 2020, services for the recovery of waste paper were optimised with the use of computer platforms for the organisation of waste collection. With respect to the collection of toners and other hazardous waste (neon tubes, batteries, etc.), they are disposed of separately in the appropriate manner, in accordance with regulations in force, through specialised firms and in line with the rules on compulsory record keeping. During the year 2020, 33,000 pieces were acquired, including toners and drum units, of which 9% certified as regenerated.

With respect to toner collection, according to the procedure in place for the Group and peripheral offices (CLGs and agencies), the majority of print-outs and photocopies are generated by multi-function devices managed with cost per page contracts, in which the replacement of consumable toners is included in the maintenance contract. Toner replacement is managed based on the "automatic reorder" approach set on the percentage of 10-15% (depending on the type of multi-function machine) of residual toner. Furthermore, thanks to the "accounting - badge reader" function on the multi-function machines, waste generated by inventories and/or the incorrect procurement of consumables is eliminated.

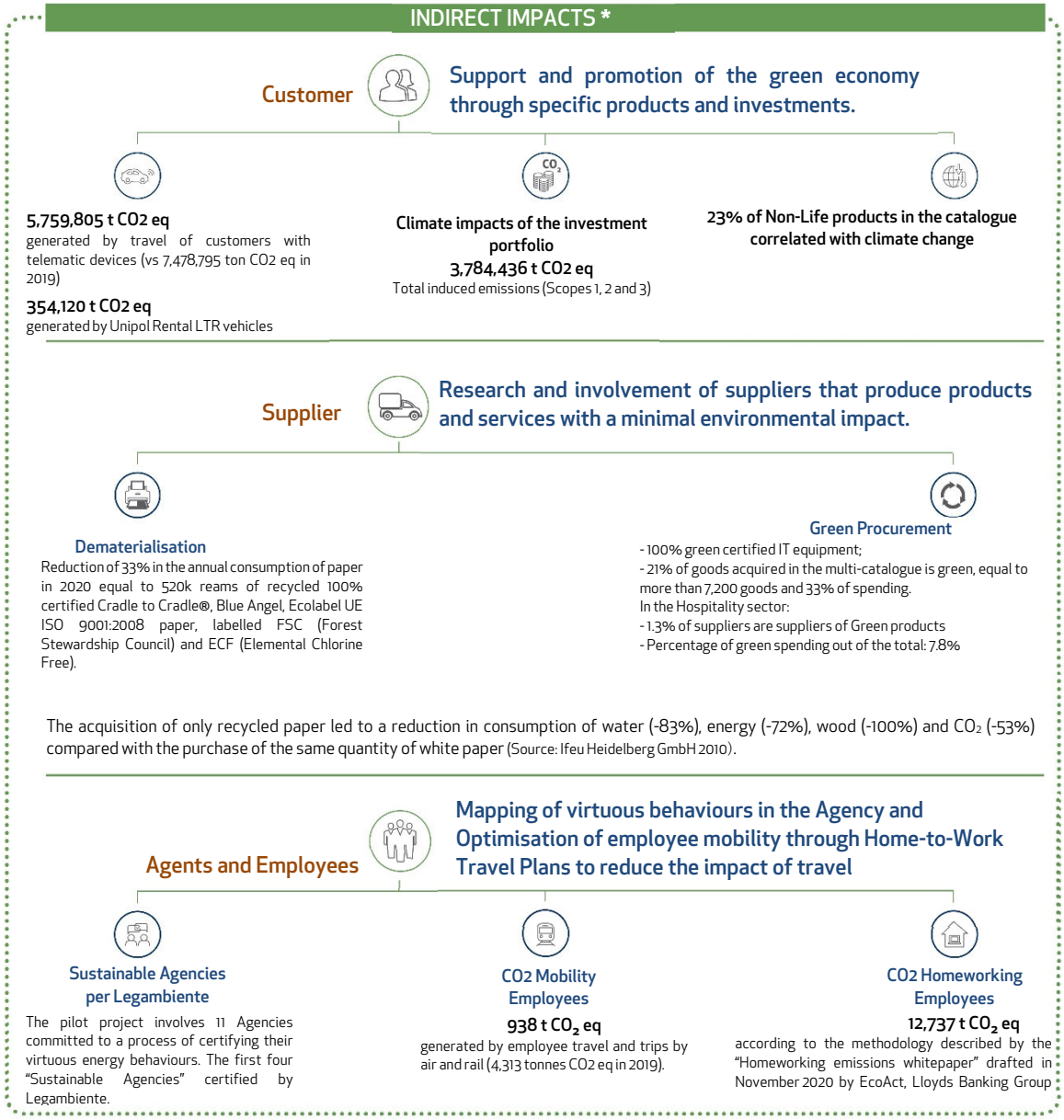
Management of direct environmental impacts



* With regard to the companies operating in Italy, the source of the conversion, emission (relating to CO2, CH4 and N2O gases) and global warming potential (GWP) factors is the guideline on the application in banks of the GRI Standards in environmental matters (Version of December 2020), drafted by the ABI (Italian Banking Association). With specific reference to emissions from purchased electricity (Scope 2) of companies operating in Serbia and Ireland, the emission factor corresponding to the energy mix of the respective countries was used; the emission factors applied derive from the International Energy Agency (IEA) (CO2 Emissions from Fuel Combustion document).
The data are calculated with reference to the scope of Unipol Group, as the difference with respect to the scope of UnipolSai Group is not considered significant.
The scope of interest with respect to the 2019 reporting period was further expanded, with the inclusion of the foreign offices of the company Unipol Re DAC and the operating offices of the company Unipol Rental, acquired by UnipolSai in the second half of 2019.
For 2020, the consumption of electricity, gas and other energy sources for all other buildings over which the Group has direct control is determined, from the operating sites, to the diversified companies, such as Tenute del Cerro and Marina di Loano, also including the properties in which the UNA Group carries out its activities and the offices abroad, with the exception of Arca Vita International Dac, Sogeint Srl and UniAssiTeam Srl.

Indirect impacts

Unipol is constantly committed to improving the measurement and reporting of its indirect emissions (Scope 3). Aside from those generated by employee travel and trips, the travel of customers with telematic devices and the investment portfolio, already calculated in prior years, in 2020 those generated by the LTR vehicles of UnipolRental were also calculated. To better understand the impacts of the pandemic situation on emissions trends, those linked to **employee homeworking** were also estimated.



* With reference to Scope 3 emissions deriving from employee and customer mobility the following were used: for vehicles, the 2020 DEFRA (UK Department for Environment, Food & Rural Affairs) coefficients; for air and rail, the UK Government GHG Conversion Factors for Company Reporting (2020).

As regards the management of **indirect impacts**, the Group has consolidated its monitoring of indirect emissions (Scope 3) and is also working to define activities in order to reduce such impacts.

Customers

The improvement of the management and prevention of environmental risks is described in the "UnipolSai and Protection - Our Protection role" section. The adoption of best practices consists of offering products to the market which support the mitigation processes and innovative solutions aimed at both the prevention of climate change-related risks and post-event management, by promoting the adoption of risk reduction behaviour at both individual and company level, in order to increase the resilience of the production system.

With reference to the climate impact of the investment portfolio, please refer to the "UnipolSai and Investments" section

Suppliers

UnipolSai engages its suppliers to reduce their environmental impact. Starting from 2019, the Group has applied its own model for reducing environmental, social and governance (ESG) risks along the chain, identified on the basis of the principles of the Global Compact (for more information on the management of ESG risks in the supply chain, please refer to the "UnipolSai in Society - Suppliers" section).

The reduction of the Group's indirect ecological footprint has also continued by increasing the level of circularity of procurement and adopting purchasing practices aimed at promoting the efficient use of natural resources.
The approach to the circularity of purchases, governed in the phase of qualification, calls for tender and contractual commitments, is already applied for example through preference for suppliers with a contract for the supply of energy based on renewable resources or the acquisition of products with functions that make it possible to control and optimise the usage phase (regenerated printers and toners, systems to reduce heat loss; dual flush toilets, etc.), to seek to contribute to the closure of energy and material cycles within the supply chain, reducing to a minimum and, in the best of cases, avoiding, negative environmental impacts and the creation of waste throughout the lifecycle.
In line with the partnership approach and the circularity model described above, UnipolSai took concrete steps in cooperation with its suppliers to reduce indirect impacts, i.e., those which derive from activities connected and functional to the core business but which are out of the company's control. Through instruments for the resale of assets (MV and other) recovered from insured events, UnipolSai is continuing with its asset reuse process to reduce costs and improve profit margins.
Some of the advantages for the Company include a net limitation of claim costs, as the indirect costs of settlement to the insured decline, and a decrease in timing for settlement and collaboration with the adjuster in accounting for property. One of the key benefits for the policyholder is the possibility of benefiting from reduced business interruption times, as recovering assets quickly frees up warehouses, avoiding reputational damage and reducing business down time. If they cannot be sold, the assets are donated to charity organisations. In 2020, the resale value of goods recovered from insured events was roughly €880k.

Additional examples of the adoption of sustainable and circular procurement operating principles come from certain typical expenses of the diversified businesses. The UNA Group prefers relations with catering, laundry, consumable and guest supply suppliers committed to reducing environmental impact and improving their overall ecological footprint. The food service provision partners are certified in accordance with the ISO 14001 (Environmental Management System) standard and adopt measures to reduce their carbon footprint: strong incidence of short-range supply chain products and fruits and vegetables from social farming; the adoption of procedures for the optimisation of logistics processes with dedicated software and means of transport with a low environmental impact; the use of packaging solutions meant to reduce weight and volume. The laundry providers selected adopt industrial processes that use 35% less energy than traditional systems and which allow for a global reduction in process water of around 40% compared to traditional washing systems. In addition to this is the use of natural soap detergents and the adoption of transport solutions with a reduced use of plastic materials.

Document dematerialisation policies, with more than 4m policies signed with AES, made it possible to avoid 75 tonnes of emissions of CO_2 eq.

Agencies

In 2020, a specific project was launched to favour the involvement of the UnipolSai agencies in greater environmental sustainability. The "Sustainable Agencies" project, carried out together with Legambiente, saw the launch of a pilot phase with the participation of 11 Agencies committed to a process of certifying their virtuous energy behaviours. This process led to the certification by Legambiente of the first four "Sustainable Agencies".

Logistics and transport

As concerns logistics and transport, the implementation of the new operating model continued for the management of shipments moving from the central warehouse to the agency network. Thanks to process control, an annual reduction of roughly 50,000 shipments was achieved with respect to the prior operating model.

Stakeholder engagement on topics connected with climate change

In 2020, UnipolSai pursued and strengthened stakeholder engagement activities on matters linked to the climate, with a view to boosting and expanding its impact, particularly on the mitigation of and adaptation to climate change.

As regards the investee companies, UnipolSai has declared its compliance with Climate Action 100+, a partnership promoted by investors (UNPRI, CERES) to involve companies generating the most pollution in terms of greenhouse gas emissions to improve climate change governance, reduce emissions and strengthen financial transparency on these matters. With reference to the Real Assets and Private Equity Funds, engagement activities have been carried out during the underwriting phase, aimed at excluding investments whose main focus is the extraction of oil and/or coal and/or the production of electricity from fossil fuels. These activities were implemented through the ad hoc drafting of side letters which the counterparty Fund managers are required to sign.

As regards the Italian entrepreneurial fabric (corporate customers and other companies), the public administration and representative organisations continued activities in 2020 to spread the LIFE DERRIS project, in which UnipolSai was a partner, to increase the awareness of Italian SMEs about risks linked to climate change and possible risk prevention and management measures that may be undertaken. The restrictions linked to the COVID 19 health emergency prevented the continuation of training events for SMEs. However, thanks to the collaboration with Legambiente Emilia-Romagna, a series of online meetings was planned and organised. Furthermore, thanks to the support of CINEAS, operating guidelines were prepared for SMEs, which will be developed into web materials to continue with the Group's efforts to spread awareness on these matters.

Advocacy and research activities on matters linked to climate change and the protection of biodiversity

In 2020, collaborations relating to research and communications on matters linked to climate change and the protection of biodiversity were further consolidated.
Unipol renewed its participation in the DeRisk-CO (Disclosure, Measurement, Management and Mitigation of Climate Change Risk for Companies) project, promoted by the ENI Enrico Mattei Foundation, with a view to involving companies in the reporting of climate-related information, in line with the recommendations of the TCFD, through the analysis of instruments and methodologies for the financial assessment of physical and transition risks from the perspective of a scenario analysis. In September 2020, Unipol had the opportunity to present its process of reporting climate-related information during a webinar devoted to an analysis of the evolution of company climate disclosures, which was also an occasion for interaction between stakeholders on this matter.

The consolidated collaboration with Legambiente took form in supporting the publication of the annual report of the Legambiente CittàClima observatory, which provides a highly detailed analysis of the impacts of extreme weather events in Italy and the actions taken to favour adaptation to climate change, as well as the "Bellezza Italia" project implemented in the Pantelleria garden in Sicily, which made it possible to reach a triple goal: analysing nature-based solutions, which can contribute to adaptation to climate change and act as best practices for other parts of the Mediterranean area; planning and implementing structured and shared procedures to protect the natural assets and biodiversity of territories vulnerable to the impacts of climate change; promoting the use of the gardens through the development of tourist paths that leverage the specific landscape of this territory, while also increasing awareness of the broader role that nature plays in boosting well-being and the quality of life of those who spend time in nature.

Lastly, through the Unipol Group, UnipolSai participates in a series of international initiatives intended to strengthen its commitment to climate-related matters.
The Group participates in the CDP, a global non-profit organisation that manages the leading environmental disclosure platform at global level. CDP encourages businesses and governments to reduce their greenhouse gas emissions, safeguard water resources and protect forecasts. More than 9,600 companies with over 50% of the global market capitalisation disclosed environmental data through CDP in 2020. In addition to this, more than 920 cities, countries and regions published disclosures in 2019, making CDP's platform one of the richest sources of information at global level about how businesses and governments are driving environmental change. Unipol obtained a rating of B- for its 2020 Climate Change questionnaire.
In 2017 Unipol signed the Principles for Responsible Investment, undertaking to integrate social, environmental and governance criteria within the assessment of investments.

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

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Parent company of the Unipol Insurance Group
entered in the Register of the parent companies
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