



New dimension.
New responsibilities.

UnipolSai Assicurazioni
Sustainability Report

 2014



2014 >>



New dimension. New responsibilities.

In 2014, UnipolSai – the leading insurer in non-life business in Italy, particularly in vehicle insurance liability – was created from the merger between Fondiaria-Sai, Milano Assicurazioni and Unipol Assicurazioni.

This is an important step which has launched us, as a company and as a Group, into a new dimension in which to operate, have discussions, and build stories of success and daily support. We face this horizon, relying on deeply rooted values, giving even more strength and substance to traits which are typical of our identity.

In these pages we describe a path that embraces an even more responsible scope in terms of our relationships and commitment to a real sustainability in the way we choose to interact with our employees, shareholders, customers, suppliers, institutions, with the society. With the country.

We are aware of our role and our new responsibilities towards the millions of people who rely on us and towards those we support each day by sharing experiences and valuable projects with the whole community.

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Key performance indicators

Area	Indicator	Figure 2014
Governance	Percentage of independent BoD members	58%
	Percentage women on BoD	37%
Financial performance	Direct insurance premiums (€)	11,697,000,000
	Non-Life premiums (€)	8,000,000,000
	Life premiums (€)	3,697,000,000
	Ratio between claims and premiums in direct business	66.7%
	Combined ratio	93.5%
	Solvency ratio	1.83
	Net profit (€)	752,000,000
Social performance	Shareholders	
	Performance of security - Ordinary shares	-6%
	Performance of security - A Savings Shares	6%
	Performance of security - B Savings Shares	9%
	Number of investors met (companies)	372
	Number of analysts met (companies)	17
	Amount of class C debt instruments and securities subject to environmental and social screening (€)	49,000,000,000
	Percentage of Securities compliant with sustainability criteria in investments in financial instruments, not including UCITS, on own account	99.2%
	Amount of Open-ended pension fund and Unit-Linked fund assets subject to environmental and social screening (€)	73,700,000
	Employees	
	Total number employees	7,364
	Permanent staff	99%
	Percentage of women	48.6%
	Percentage of women senior executives	10%
	Percentage trade union members (employees)	66%
	Total training man-hours supplied to employees	92,000
	Average investment in training per employee (€)	204
	Customers	
	Number of policyholders	9,686,797
	Number of customers - individuals	8,734,310
Number of customers - SMEs	936,424	
Number of customers - Corporate customers	16,063	
Claims settlement rate for the year	78.3%	
Anti-fraud activity - Number of reports to special areas	11,453	
Anti-fraud activity - Number of reports to anti-fraud function	6,956	
Number of complaints received (% of the number of policies)	0.10%	
Ratio between fines and claims for the Non-Life business	0.06%	
Amount of fines paid to IVASS (% of total Non-Life premiums)	0.04%	
Agents		
Number of agencies	3,157	
Number of sub agencies	6,739	
Number of branches of company agencies (Assiccoops)	309	
Total number of participants in training courses	371,892	
Total training man-hours supplied	1,020,186	
Suppliers		
Total number of suppliers	2,800	
Total amount paid to suppliers (€)	346,985,120	
Percentage of amount paid to Italian suppliers	98%	
Community		
Total amount of contributions (€)	3,531,857	
Numbers of activities performed by agents locally	3,758	
Contribution to the Unipolis Foundation (€)	400,000	
Environmental performance	CO ₂ emissions - Scope 1 (tons)	1,537
	CO ₂ emissions - Scope 2 (tons)	15,305
	CO ₂ emissions - Scope 3 (tons)	1,162

**Scope**

The UnipolSai Assicurazioni Sustainability Report is drawn up in keeping with a time schedule lined up with that of the Financial Report and contains figures that regard the period 1 January 2014 - 31 December 2014. Some data after the year ended have been added if available and significant. The information the document contains presents the economic, social and environmental impact of the UnipolSai insurance company.

The subsidiaries were not included in the reporting process, except in the section on investment policies, since they are defined jointly and consistently for the entire UnipolSai Group. The data in this paragraph have been consolidated at UnipolSai Group level in order to ensure meaningfulness of the reporting in this area. The UnipolSai Report has been drawn up taking the Unipol Group sustainability indicators prepared in compliance with the GRI G4 guidelines as reference.

Document structure

The document is divided into three sections – financial, social and environmental – which in turn are divided up by favouring the perspective for stakeholders.

The “Identity” section explains the general context in which the Company’s performances lie and the history, organisational structure and company’s governance system are illustrated.

Financial performance highlights the main economic and financial data of the Company.

It was decided to give a detailed report on the exchange relationship with the various stakeholders in the Social Performance section, in particular:

- the strategies, objectives and results of the Company with reference to the Financial Market are presented in the “Shareholders” chapter;
- the implications of the reorganisation processes have been analysed in the “Employees” chapter;
- the “Customers” chapter comprises data on the offer of products and services and on the level of service;
- in the section on “Agents”, the characteristic elements of the distribution network are instead summarised;
- the “Suppliers” chapter describes the Purchasing policy and explains the distribution of expenditure;
- the “Community” chapter presents not only the support the Company offers to carry out social value initiatives, but also the activities that the local agents perform thanks to a structured data collection system.

Environmental Performance reports on management of the Company’s environmental impact.

Reporting process and methods

As is done for the Unipol Group Sustainability Report, the document has been coordinated by the Unipol Group Ethical and Social Responsibility Department, which used the SapSuPM IT system to collect data and drafted the document with the involvement of all Company Departments. The Managers have checked and approved the drafted Report.

Like the Financial Report, the document was published only after its approval by the UnipolSai Board of Directors on 19 March 2015.

The content of the Report is supplemented throughout the year with additional information published in the sustainability section of the website www.unipolsai.com.

Identity





1.1 Company history

UnipolSai Assicurazioni was officially founded in January 2014 after the merger of some of the most important and traditional Italian insurance companies: Unipol Assicurazioni, Fondiaria-Sai and Milano Assicurazioni, as well as Premafin, the financial holding of the former Fondiaria-Sai Group. Different origins and journeys through the nineteenth and twentieth centuries and into the twenty-first, to then converge in a single common path aimed at providing security and protecting citizens with an insurance system that is able, first and foremost, to identify their needs and respond in the most convenient way while offering the best quality, respecting above all the original values – those of the Unipol Group – and guaranteeing transparency in economic activity with serious and rigorous forms of control.

Unipol Assicurazioni was founded in Bologna in 1963 as the insurance partner of cooperatives and the world of labour in the Non-Life business. In 1969, it began operating in the Life business as well. The Company's history is marked by some significant steps, which in certain cases were particularly difficult and complex. The first turning point, which clearly demonstrates the diversity of Unipol as an insurance Company rooted in the values of the social economy and the world of labour, took place between 1972 and 1974 when the trade union confederations, Cgil, Cisl and Uil, and some of the SME industry organisations Cna, Cia and Confesercenti, entered the ownership structure. The seventies and eighties were years of growth in the Italian market, during which relations were created with other European insurance companies, especially French and Belgian mutual societies and German cooperatives.

Halfway through the 1980s, Unipol reached an important milestone: the listing of savings shares on the Stock Exchange, a veritable watershed which had become necessary to embark upon a new phase of investment and achieve the financial and capital strengthening that created the financial conditions for consolidation and subsequent acquisitions. In this period of great activity, whether the Legacoop cooperatives would maintain control over the Company was never questioned.

In the 1990s came the initial listing of ordinary shares, and then a consolidation of market share and additional development in the ownership structure. Unipol began to work in the area of supplementary pension schemes and manage pension funds. In the twenty-first century, it started the external growth strategy with the acquisition of other companies on the market. Their merger in 2004 led to the establishment of Aurora Assicurazioni, a subsidiary of Unipol Assicurazioni which therefore became the third largest Italian insurance group.

The history of the other Companies that are now part of UnipolSai is an integral part of the Italian story: SAI, Società Assicuratrice Industriale, was founded in 1921 by a group of Turin and Milan industrialists with the main purpose of insuring industrial risks. La Fondiaria was founded in Florence in 1879 by French entrepreneurs and representatives of Florentine society. Already in their first decade they opened offices abroad in the main European capitals. Over time, they developed a strong and diversified presence in the insurance market, in addition to several real estate initiatives. The two companies merged on 31 December 2002 to become Fondiaria-Sai. Milano Assicurazioni, founded in Milan in 1825, was one of the first insurance companies in Italy. It was established as the company of Milan businesses, and was specifically devoted to insuring industrial risks. Over the years, it extended its business to mass risks, offering insurance and investment solutions for the multiple and diversified needs of individuals, households and businesses. Finally, the holding company Premafin was established in 1986 and, through the merger of several Companies, in subsequent years acquired a controlling interest in SAI and a significant amount of real estate assets; it gained control over La Fondiaria in 2001.



1.2 Mission and Values

To ensure that social and ethical responsibility remains a key element in the business activities of UnipolSai Assicurazioni, that the experience, transparency and governance systems and the tools acquired over years of business and commitment are also valued within the new Group, the Unipol Gruppo Finanziario holding retains a control and guidance role in the area of social responsibility. The Function is a direct staff unit of the Group Chairman which responds directly to the Board of Directors. Its role is to develop and manage the sustainability strategy and coordinate reporting and communication on projects and on the company's social responsibility initiatives.

In relation to tools, the Charter of Values, defined in 2008 with the participation of all employees and agency network representation, remains, along with the Code of Ethics, the guiding instrument in the Company's social and ethical responsibility policies. UnipolSai has adopted the Unipol Gruppo Finanziario Charter of Values and Code of Ethics. The Group has five core values: Accessibility, Looking ahead, Respect, Solidarity and Responsibility, which are all oriented towards outlining the conduct of the company with and amongst all stakeholders.

Accessibility generates greater organisational capabilities within the Company through the commitment to being a willing interlocutor able to offer answers and solutions through continuous dialogue, and by taking a reciprocal approach.

Looking ahead is the company's commitment to developing medium and long-term projects based on a strategic plan in order to guarantee continuous, sustainable and efficient organisational processes, thereby excluding all forms of loss or waste of resources. Looking ahead makes it possible to anticipate market signals and trends and develop an operating policy based on the continuity of results in accordance with sustainable development strategies.

Respect is based on the recognition that it is through people that stable relationships are established, based on dignity and responsibly listening to the needs of all stakeholders. This aspect becomes an integral part of each process and rests on the foundation of the quality of services and activities.

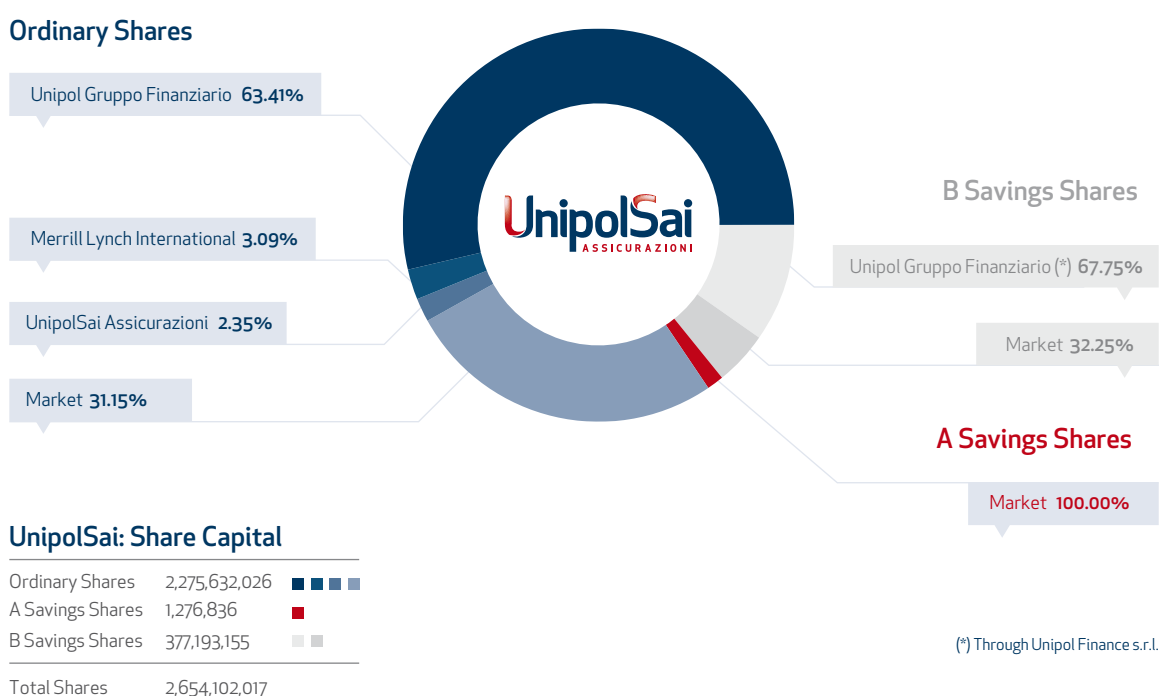
Solidarity, understood as protection of the existence and well-being of people, families and businesses, is important for the Group in that it favours and generates trust, creating a climate of reciprocal collaboration that gives rise to operating efficiency.

Responsibility comes to fruition when we are able to respect operating commitments, at the individual as well as collective level, with integrity, in compliance with rules and with transparency. Responsibility for Group activities is the necessary prerequisite for being credible and trustworthy.

2.1 Shareholding structure

Following the merger, the Company is controlled by Unipol Gruppo Finanziario S.p.A., which holds 63.41% of its ordinary share capital and is responsible for management and coordination of the entire banking and insurance group. Unipol Gruppo Finanziario S.p.A. is in turn controlled by Finsoe S.p.A., which holds 50.75% of its ordinary share capital. The latter groups together businesses that belong to cooperatives.

Graph 2.1 Shareholding structure



2.2 The system of governance

2.2.1 Corporate bodies

The Board of Directors has 19 members (7 women and 12 men): all Directors are non-executive with the exception of the Chief Executive Officer and the Vice Chairman, who was assigned the functions of Director responsible for the internal control and risk management system by board resolution on 8 May 2013 and therefore is an executive director.

In line with international best practices, UnipolSai places particular importance on the substantial independence of members of the Board of Directors by applying the principles of the Consolidated Law on Finance (Art. 147-ter, paragraph 4) and, in a restrictive manner, the provisions of the Code of Conduct, in order to guarantee that the board composition is in the interests of all majority and non-controlling shareholders.

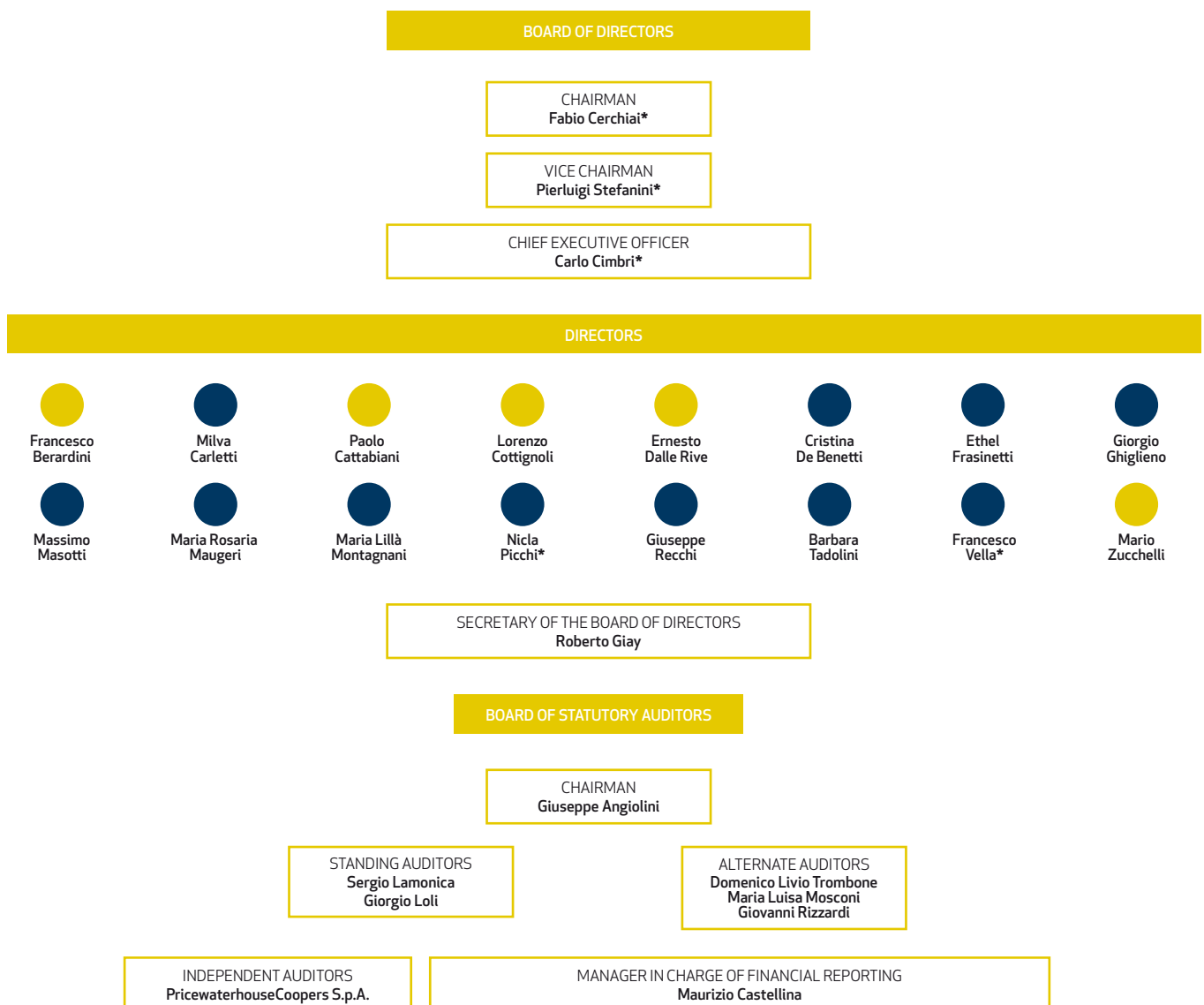
The Board of Directors conducted its annual assessment on the fulfilment by non-executive directors of the



independence requirements set forth in the Code of Conduct at the board meeting on 15 May 2014, also taking into consideration the instructions provided by CONSOB in its notice DEM/10046789.

In the course of 2014, the following directors left office: Vanes Galanti and Marco Pedroni. Subsequent to year-end close, Ms Cristina De Benetti was appointed as director and Ms Maria Antonietta Pasquariello left office.

The corporate bodies of UnipolSai Assicurazioni are listed below.



Independent Directors pursuant to the TUF and the Code of Conduct
* Independent Directors

On 29 April 2013, the Ordinary Shareholders' Meeting appointed the Company's Board of Directors for a term of office of three financial years. It also appointed Mr Fabio Cerchiai as Chairman for the duration of office of the Board of Directors.

The same Shareholders' Meeting resolved annual remuneration for each Director of €30k, an annual amount of €15k for the office of member of the Executive Committee, as well as payment of an attendance fee of €750 for each board meeting attended. Director remuneration is not linked to the results achieved by the Company, nor are there any plans for share-based incentives or, in general, those based on financial instruments for members of the Board of Directors. During the year 2014, the Board of Directors defined the general policy for the remuneration of members of corporate bodies and key managers of UnipolSai for the year 2014, approved by the Ordinary Shareholders' Meeting held on 29 April 2014. On 19 March 2015, the Board of Directors of the Company updated the general policy for remuneration of members of corporate bodies and key managers of UnipolSai for the current year, and also approved the Remuneration Report prepared pursuant to Art. 123-ter of the TUF and Art. 24 of ISVAP Regulation No. 39 of 9 June 2011, which will be submitted to the Shareholders' Meeting convened to approve the 2014 financial statements.

For more detailed information, please refer to the Annual Report on Corporate Governance and on Ownership Structures and the Remuneration Report, which may be viewed in the Corporate Governance section of the UnipolSai company website.

2.2.2 Corporate Governance

The governance structure of the Company is based on the model of traditional management and control, having as the main bodies: the Board of Directors (operating with the support of Board Committees), the Board of Statutory Auditors and the Shareholders' Meeting.

Chairman and Vice Chairman

The Chairman, in addition to exercising company representation pursuant to Art. 21 of the By-Laws, has the power to provide impetus to the actions of the Board of Directors, ensuring the promotion of transparency in the Company's business, and taking care to represent all Shareholders. He also ensures continuity of relations between the Board and Directors holding special offices, stimulating their activity and ensuring a fruitful collaboration.

The Chairman is automatically a member of the Executive Committee, pursuant to Art. 18 of the By-Laws, without this entailing, as mentioned earlier, qualification as an executive Director, the same not having any delegated powers nor being individually conferred with key roles or management positions.

The Vice Chairman replaces the Chairman with the same powers in the case of his absence or impediment; in that function, he has access to all information within the structure.

Chief Executive Officer

The Chief Executive Officer, in addition to exercising company representation pursuant to Art. 14 of the By-Laws, has been assigned by the Board of Directors the following functions: i) implement the resolutions of the Board of Directors, the Executive Committee and the Shareholders' Meeting; ii) promote corporate policies within the scope of the strategic guidelines established by the Board of Directors; iii) ensure day-to-day management of the business; iv) supervise and coordinate all corporate activities; v) ensure that the organisational, administrative and accounting structure is adequate for the nature and size of the Company; vi) support the Appointed Director in the design and implementation of said system, in accordance with the governance directives and policies established by the Board of Directors.

The Chief Executive Officer is automatically a member of the Executive Committee, pursuant to Art. 18 of the By-Laws.



Board of Statutory Auditors

The Board of Statutory Auditors is a control body institutionally responsible for the adequacy and the proper operation of the organisational, administrative and accounting system.

The Board of Statutory Auditors is appointed on the basis of lists submitted by the Shareholders that upon presenting them are entitled to vote at the related Shareholders' Meetings.

The Shareholders' Meeting of 24 April 2012 appointed, on the basis of the two lists presented by the Shareholders – of which one jointly presented by Premafin HP and UniCredit S.p.A. as shareholders supporting the Shareholders' Agreement of 8 July 2011, terminated on 9 July 2012, and the other by Arepo PR S.p.A., holder of 3.011% of the ordinary share capital of the Company – the Board of Statutory Auditors currently in office, comprising three Standing Auditors and three Alternate Auditors, conferring upon the same a three-year mandate and, therefore, until the Shareholders' Meeting approving the 2014 financial statements. All the Statutory Auditors are enrolled with the Register of legal auditors and auditing companies and possess all the requisites prescribed by currently applicable legal regulations and the By-Laws. As a rule, in 2014 the Board of Statutory Auditors has attended, as guest, the meetings of the Control and Risk Committee, obtaining adequate information to coordinate the activities of the Board with those carried out by the aforesaid Committee.

In 2014, the Board of Statutory Auditors met 23 times, with an average attendance rate of 96% and average attendance of Control and Risk Committee meetings of 100%.

Within the scope of the rights recognised to the Board of Directors by the By-Laws for the purpose of increasing the efficiency and effectiveness of its actions, the Board of Directors has established five board committees:

- The **Executive Committee** has advisory functions and the task of collaborating in the identification of development policies and guidelines of strategic and operational plans to be submitted to the Board of Directors.

The **Nomination and Corporate Governance** Committee plays a propositional and advisory role in identifying the optimal composition of the Board of Directors and defining the corporate governance system.

- The **Remuneration Committee** carries out investigations, makes suggestions and submits proposals to the Board of Directors regarding, inter alia, general policies for the remuneration of Directors and Executives with strategic responsibilities, as well as the remuneration of the Chief Executive Officer and Directors who hold particular offices.
- The **Control and Risk Committee** performs, for the Board of Directors, propositional, advisory, investigative and support activities regarding the assessments and resolutions to be issued by the Board in reference mainly to the internal control and risk management system, as well as to the approval of periodical accounting documents.
- The **Related Party Transactions Committee** has advisory, dialectic and propositional functions with the Board of Directors and the corporate structures of UnipolSai and its subsidiaries, as regards Transactions with related parties, in compliance with the provisions set forth in the Regulations issued by CONSOB with resolution No. 17221 of 12 March 2010, as amended, and the internal procedure adopted by the administrative body of UnipolSai for carrying out these transactions.

For more information on the composition and members of the Committees, please refer to the 2014 Annual Report on Corporate Governance and on Ownership Structures, which may be viewed in the Corporate Governance section of the UnipolSai company website.



2.2.3 Organisational and Management Model

As part of a broader project aimed at aligning and homogenizing company procedures and regulations within the Unipol Group, on 6 August 2014, the Board of Directors of UnipolSai Assicurazioni S.p.A. approved the new Organisation, Management and Control Model (the "Model" or "MOG"), adopted pursuant to Legislative Decree No. 231/2001 ("Decree 231"). Decree 231 introduced the administrative liability of entities as a consequence of certain crimes committed in the interest or for the advantage of the entity by directors, managers, employees and representatives. Article 6 of Decree 231 provides an exemption from this liability for entities that demonstrate that they have adopted and effectively implemented an Organisational and Management Model that is suitable for preventing the offences it addresses, and that they have established an internal control body with the duty of supervising the functioning and effectiveness of, and compliance with, the MOG.

UnipolSai's New Model was prepared by carrying out the following activities as part of an initial preliminary phase:

- analysis of the company's organisational system, taking account of the new post-merger structure;
- analysis of the company macro-processes and subsequent identification of the main areas of business susceptible to the potential commission of the unlawful administrative acts and offences set forth in Decree 231;
- assessment, for each of the processes susceptible to the potential commission of the aforementioned unlawful acts and offences, of the degree of risk and of the existing controls for safeguarding the company;
- identification of specific information flows connected with the outcomes of the aforementioned mapping activities as well as in relation to the most significant sensitive processes, including in the absence of specific problems, bearing in mind that management has the job of carrying out audit activities, while the Supervisory Body evaluates the checks performed by management.

To make consultation easier, the Model includes a classification of the individual offences and crimes, a dedicated attachment contains the reference regulation, and the links between company macroprocesses and the crimes and offences envisaged in Decree 231 are highlighted. In addition, more detail has been added to the section dedicated to information flows to the Supervisory Body (SB), according to the guidelines shared with that body.

The special sections also emphasise the connection between the individual crimes and offences governed by Decree 231 and sensitive activities, and specify the relative controls. Specific sections have been inserted concerning (i) crimes of receiving stolen goods and money laundering; (ii) crimes of counterfeiting money; (iii) environmental offences; (iv) infringement of copyrights; (v) employment of third-country citizens with irregular work permit.

In terms of distribution, the Model has been published on the Company website and intranet for the benefit of employees and agents.

A dedicated notice displayed automatically in a pop-up window was also prepared to invite employees to view the document as soon as possible and commit to observing its provisions.

For UnipolSai distribution network agents, a memo was drawn up illustrating the purposes and main content of the document and specifying the responsibilities of agents.

The e-learning course regarding the updated MOG was also released during the year. It is structured in light of previous training experience and suggestions received from the Supervisory Body and is available to employees and agencies.



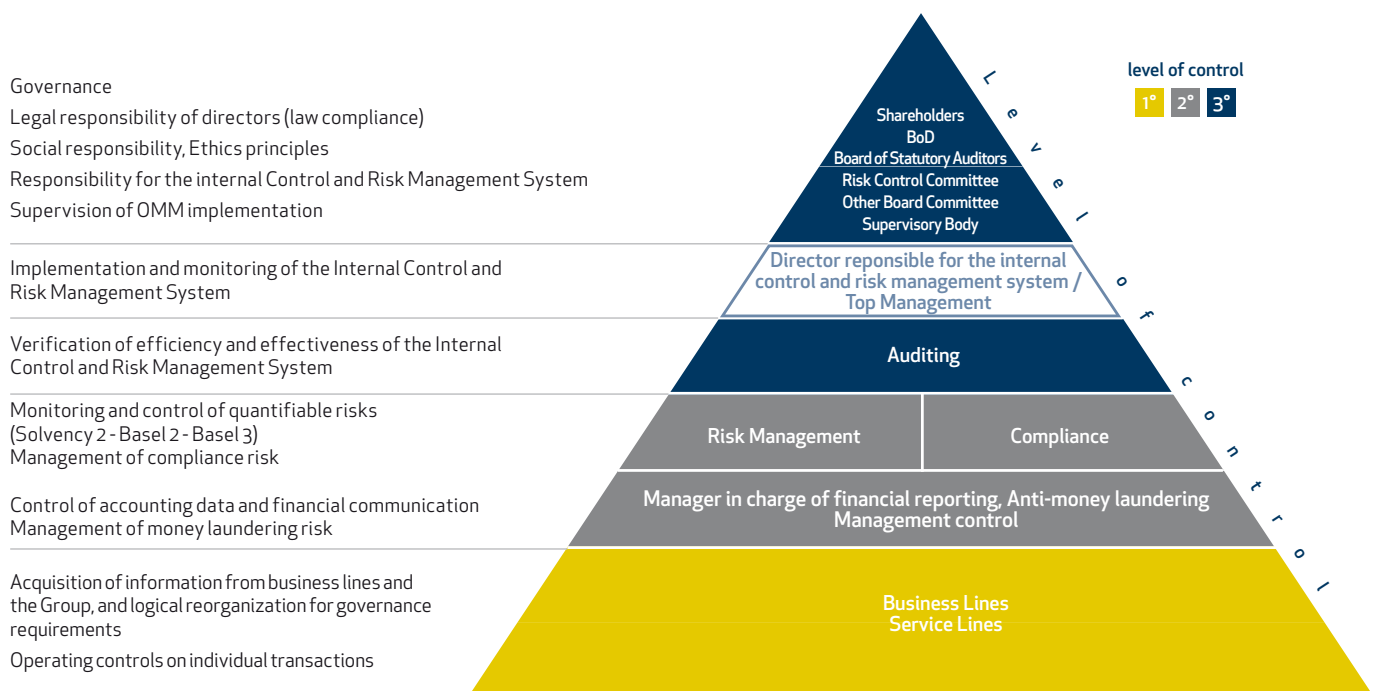
2.2.4 Internal control and risk management system

The internal control and risk management system of the parent and the operating companies is a fundamental element in the overall corporate governance system, and is defined in the relative Directives adopted and periodically updated by the Board of Directors. It is broken down into multiple levels:

- **line controls** (so-called “first-level controls”), aimed at ensuring transactions are carried out correctly. These are performed by the same operating structures (e.g. hierarchical, systematic and sample controls), also through the different units which report to the managers of the operating structures, or carried out as part of back office activities; as far as possible, they are incorporated in IT procedure. The operating structures are the primary bodies responsible for the risk management process and must ensure compliance with the adopted procedures for implementing the process and compliance with the established risk tolerance level;
- **risk and compliance controls** (so-called “second-level controls”), which aim to ensure, among other things:
 - the correct implementation of the risk management process;
 - the implementation of activities assigned to them by the risk management process;
 - the observance of the operating limits assigned to the various departments;
 - the compliance of company operations with the regulations.
 The departments responsible for these controls are separate from the operating functions; they help define the risk governance policies and the risk management policy;
- **internal review** (so-called “third-level controls”), verification of the completeness, functionality and adequacy of the Internal Control and Risk Management System (including the first- and second-level controls) and that business operations comply with the System.

Graph 2.2 Risk and Control Governance Model

Source: Internal Control and Risk Management System





Audit

The Audit Function is responsible for assessing the completeness, function, reliability and adequacy of the Internal Control and Risk Management System in relation to the nature of business activities and the level of risks undertaken, as well as its updating, also through support and advisory activities provided to other company departments.

The Audit Function operates within the scope of the duties and responsibilities defined by the specific directives issued by the Board of Directors, as well as in compliance with regulations in force (IVASS, Bank of Italy, Consob and Covip) on internal control and risk management.

The Audit Function is autonomous, including hierarchically, with respect to the operating departments, it reports to the UnipolSai Group Board of Directors and is coordinated by the Director responsible for the Internal Control and Risk Management System.

The Function manager is appointed by the administrative body and the duties of this position are clearly defined and approved by Board of Directors resolution. This person has the specific skills and professional experience to carry out this activity and has the necessary authority to ensure independence.

In fulfilling its duties, the Function's activities are broken down into: process audit (insurance, operational, financial, information technology and banking), the preparation of reports envisaged in regulations, compliance verification/audit of the insurance agencies, the bank branches, financial advisors and claims settlement services, verification of internal fraud by employees, trustees and persons pertaining to the sales networks.

In 2014, activities were based on the audit plan submitted to the Board of Directors and the Control and Risk Committee. Several unplanned activities were also carried out in response to requests by the Supervisory Bodies, the Control Bodies and the Top Management.

The Function was involved in 40 activities (process and other audits). In the course of the year, the Function also carried out a variety of administrative activities and activities required by law, as established in the plan. 542 inspections were conducted **on the sales networks**.

During the year 28 **inspections were carried out on the regional claims settlement structures**, and 3 inspections are under way at 31 December 2014. Lastly, as regards **anti-fraud activities**, the department carried out 34 audits during the year, and 21 are under way at 31 December 2014.

All critical issues that emerged from the **process audits** were shared with the management, which made efforts to address them by identifying individuals to manage them and setting deadlines. The Audit Function periodically monitors the progress of these actions and then checks their effective implementation through follow-up activities.

The Audit Function reported to the departments concerned, the top management and the Control and Risk Committee on the results of its activities and the planned adjustments.

The most significant findings that required disciplinary measures in the networks and against employees were analysed by the Committee for the Assessment of Irregular Situations (which includes the Top Management as well as the head of the Audit Function), established to evaluate the most significant cases of irregularity or fraudulent conduct. The Committee is a transparent, organised instrument that enables the Parent's management to carry out analyses and take decisions regarding events and conduct that generate significant legal, financial and reputational risks for the Group.



Risk Management

The Risk Management Function is responsible for ensuring an integrated evaluation of the various risks at Company level, supports the Board of Directors, the Appointed Director and Top Management in the evaluation of the structure and effectiveness of the Risk Management System and reports its conclusions to said bodies, highlighting any deficiencies and suggesting ways of resolving them.

Risk Management evaluates the Company's risk profile and capital adequacy within the Own Risk Solvency Assessment process, ensuring that the work carried out by the various company departments dealing with risk management is coordinated, in line with best market practices and in accordance with regulations imposed by the Supervisory Authorities. This does not exempt the individual operating departments from their specific responsibilities for managing the risks relating to their own work since the departments themselves must have the necessary tools and expertise.

The Risk Management Function, jointly with other control departments, provides support to cultivate and reinforce the culture of risk within the Group and the Company in order to make personnel at all levels aware of their roles, also with respect to control activities, and favour the full involvement of all company departments in the pursuit of objectives.

Special internal company committees have been set up at UnipolSai under the internal control and risk management system so that the various positions and roles have the possibility to communicate and debate with each other.

In line with the policies and guidelines set by the Parent, the Company has an adequate and robust risk management process divided into the following steps:

- identification of the most significant risks, classified according to a taxonomy that takes into consideration the structure and the specific nature of the types of business managed;
- current and forward-looking assessment of the risks to which the Company is exposed, documenting the methods used and the relative results;
- risk monitoring and reporting to ensure control over the evolution of the risk profile based on the principles of complete, prompt and effective disclosure;
- risk mitigation in coordination with all the structures/departments involved, consists in identifying and proposing action required and/or useful in mitigating existing or prospective levels of risk not in line with the risk objectives defined.

In 2014, the Risk Management Function monitored the evolution of the Solvency II regulation and, as part of the UnipolSai Group's "Solvency II Project" to adjust to this new framework, it carried out the activities set forth for the year and planned the required actions to ensure that it would be adequately prepared for the entry into force of Solvency II as of 1 January 2016. In particular, in 2014 the Risk Management Function was involved in the pre-application phase with respect to the process for the approval, by IVASS, of the Partial Internal Model directed, inter alia, to calculation of the minimum solvency capital requirement. As part of that process, planned meetings were held at UnipolSai between the UnipolSai Group management and IVASS representatives.

Risk Management also monitored risks and prepared reporting on the results of its controls (risk appetite monitoring, checking limits set forth in the Investment Policy and the Credit Policy, etc.), which was submitted to the UnipolSai Board of Directors on a quarterly basis.

In the course of 2014, the bodies responsible for implementing risk strategies held 15 meetings (i.e., number of meetings of the Board of Directors and Control and Risk Committees of the Company with at least one Risk Management topic on the agenda).

During the year the Risk Management Function carried out 2 stress tests for the Company as part of the UnipolSai capital adequacy assessment process.

The “Induction Programme” also continued in 2014 and dedicated training sessions were organised for the Company’s directors and statutory auditors regarding the Solvency II Directive, capital requirements and the Solvency II Project implementation status. No dedicated training initiatives were held for employees during the year. Instead, awareness-raising activities continued, with the involvement of various company departments in activities and working groups.

As regards emerging and reputational risk management (ERM), the Company relies on the coordination and management role of the Unipol Group, which supplements the risk management process. A strategic approach has been taken to the management of emerging and reputational risks, also involving the establishment of a dedicated unit for managing these risks. These risks are considered as both risk and opportunity, and are managed with the dual objective of ensuring that the Company would be protected from future threats and at the same time enabling it to be proactive by grasping fresh business opportunities, anticipating the most significant trends in order to develop a competitive edge. The model defined to identify these risks is based on the integrated examination of information arising from an analysis of the external context, in terms of current and prospective stakeholder expectations (shareholders, customers, agents, employees, supervisory authorities, etc.), as well as the internal context, in terms of monitoring and the Group’s response to expectations.

Compliance

The Compliance Function adopts a risk-based approach to evaluate the adequacy of procedures, processes, policies and the internal organisation to prevent compliance risk, i.e. the risk of judicial or administrative sanctions, financial losses or reputational damages as a result of violations of mandatory rules and self-regulations.

This risk is spread throughout the company’s organization; therefore, its proper management is a major issue that is strictly associated with current operations, especially customer relationships. In particular, its main feature is the considerable pervasiveness in business activities and the involvement of several organisational structures.

Therefore, the compliance risk management process is transversal, and consists of organisational as well as operational monitoring implemented by resources belonging to a variety of company departments.

The Compliance Function is in charge of assessing the adequacy of the measures adopted by the Company to prevent compliance risk.

The Compliance Function operates by:

- constantly identifying applicable legal regulations and the evaluation of their impact on company’s processes and procedures;
- assessing the adequacy and effectiveness of the measures adopted by the Company to prevent compliance risk, and recommending the implementation of organisational and procedural changes aimed at ensuring such risk is effectively monitored;
- assessing the adequacy of organisational adjustments (i.e. to structures, processes, procedures) deriving from the suggested changes;
- arranging information flows aimed at corporate bodies and the structures involved.



Without prejudice to the Compliance Function's responsibility of carrying out the duties set forth in specific regulations, its efforts also include:

- involvement in the ex ante assessment of the compliance of innovative projects (including in relation to new products or services) with applicable regulations;
- support and consulting for the corporate bodies on relevant matters in terms of compliance risk.

The Function also collaborates in personnel training activities regarding the regulations applicable to their activities in order to cultivate a corporate culture inspired by the principles of honesty, integrity and respect for the spirit and the letter of the law.

One of the responsibilities of the head of the Compliance Function is to present a plan of activities to the administrative body on an annual basis. The plan takes into account any gaps found in previous controls as well as any new risks identified. When necessary, the Function may carry out unplanned activities.

The Compliance Function takes a methodological approach based on techniques of identifying, assessing, managing and monitoring compliance risks, in keeping with the techniques used in risk management and audit processes.

This approach involves:

- the identification of potential compliance risks and their evaluation upstream of existing controls;
- the evaluation of existing controls, in terms of adequacy for the reduction of identified risks within acceptable limits;
- the determination of the level of residual risk, which represents a qualitative evaluation of the risk to which the company remains exposed downstream from existing controls.

Adjustments required to limit risks are identified and proposed on the basis of the results of this process.

Anti-money laundering

The Anti-Money Laundering Regulation governed by Legislative Decree 231/2007 (the "Decree") applies to UnipolSai Assicurazioni and its subsidiaries within the insurance segment, only for the life insurance companies (Popolare Vita, BIM Vita, Liguria Vita), and within the asset management segment (UnipolSai Investimenti SGR). Bank of Italy Measure of 10 March 2011 and ISVAP Regulation No. 41 of 15 May 2012 contain implementing provisions on the organisation, procedures and internal controls in the area of anti-money laundering and the fight against terrorism. UnipolSai Assicurazioni has a dedicated structure responsible for managing the risk of money-laundering and terrorist financing.

The anti-money laundering activities aim to ensure proper compliance with the Decree as regards:

- customer due diligence;
- registration of transactions in the Centralised Computer Archive;
- reporting of suspicious transactions;
- personnel training.

“Customer due diligence” obligations regard solely the establishment of ongoing relationships with customers. UnipolSai Assicurazioni and its subsidiaries comply with “customer due diligence” obligations pursuant to Art. 15 et seq. of the Decree when:

- they establish an ongoing relationship;
- there is a suspicion of money-laundering or terrorist financing, irrespective of any applicable derogation, exemption or threshold;
- there are doubts as to the truthfulness or adequacy of data obtained previously for the purpose of customer identification.

In particular, these “customer due diligence” obligations are met by identifying customers and verifying their identities and the identity of any effective account holder:

- gathering information on the scope of the relationship through the anti-money laundering questionnaire;
- carrying out continuous controls in the course of the ongoing relationship.

Registration obligations are met by registering data concerning ongoing relationships and transactions in amounts equal to or exceeding €15k in the Centralised Computer Archive, irrespective of whether they are carried out in a single transaction or multiple transactions that appear to be linked for the execution of a so-called “split transaction”; these data are automatically captured by IT procedures.

To meet the “suspicious transaction” reporting obligations pursuant to Art. 41 of the Decree, transactions are evaluated with the support of anomaly indicators provided by the Bank of Italy and, if there is a suspicion that money-laundering is taking place, suspicious transaction reports are sent electronically to the Financial Information Unit through the Bank of Italy’s dedicated INFOSTAT-UIF portal.

Dedicated e-learning and classroom training courses on anti-money laundering and the fight against terrorist financing have been made available to employees and all parties that work for any reason at UnipolSai Assicurazioni. Specifically, in 2014, 279 people took the course, while over 6900 have taken it since the anti-money laundering e-learning course was first made available.

In 2014, a new IVASS Regulation was published regarding the methods for satisfying customer due diligence obligations and registration requirements by insurance companies and insurance intermediaries. In view of the entry into force of that Regulation, in the second half of 2014, UnipolSai and all recipients of the Regulation implemented the required IT developments in fulfilment of the new provisions.

Manager in charge of financial reporting

The figure of Manager in charge of financial reporting was introduced in section V-bis (“Financial Information”) of the TUF by the law for the protection of savings No. 262/2005, “Provisions for the protection of savings and governance of the financial markets”.

The Manager in charge of financial reporting is responsible for preparing a dedicated report to be attached to the annual financial statements, the interim report and, if applicable, the consolidated financial statements, which certifies the adequacy of the administrative and accounting procedures for the preparation of the separate and, if applicable, consolidated financial statements, as well as all other financial communications, in addition to their correspondence to documented accounting results, books and entries.

The Manager in charge of financial reporting is also responsible for providing a written statement certifying that the company’s market communications regarding accounting information, including interim, correspond to the documented accounting results, books and entries.

The Group has implemented a control model to support the Manager in charge of financial reporting to check the adequacy and effective application of the administrative procedures for preparing accounting and financial



disclosures that is inspired by the COSO Framework (Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organisations of the Treadway Commission) and by the COBIT Framework (Control Objectives for IT and related technology, a framework of best practices created by the Information Systems Audit and Control Association and the IT Governance Institute), unanimously recognised as the reference standards for the implementation and evaluation of internal control systems.

A dedicated staff function supports the Manager in charge of financial reporting in carrying out his or her duties, and coordinates with the other company departments to ensure compliance with regulatory provisions.

2.2.5 Personal data protection

The UnipolSai Group has established dedicated organisational controls, including a Function devoted to providing legal assistance in the area of privacy (the “Privacy Function”) in order to guarantee that personal data (of customers, employees and, in general, everyone who comes into contact with the various Group companies) is processed in compliance with the provisions set forth in the Personal data protection code.

The Privacy Function contributed towards defining, from the legal perspective, priority lines of action intended to guarantee compliance with regulatory requirements, particularly as regards IT security, data access by third parties and the generation of documentation required by law.

In this regard, some of the primary activities carried out by the Privacy Function in 2014 include:

- definition at each Group company of a Privacy Contact responsible for supporting the Privacy Function; these Contacts attended a dedicated classroom training course;
- preparation of a new internal privacy regulation which designated all Group company employees as “data processors” and therefore provided them with instructions for the processing of electronic and hard-copy data as well as the new privacy disclosure;
- in cooperation with the other competent company departments, preparation of the single data security document, which lays out the company policy on the topic of security measures (IT, physical and organisational) for all Group companies;
- response to requests for information sent by customers and other entitled parties regarding the personal data held by Group companies and how it is processed, as well as requests for deletion or updating of personal data;
- preparation of Group privacy guidelines as part of sales and marketing promotional activities, as well as opinions on the use of biometric data relating to advanced digital signatures, and the use of cookies on Group company websites.



Financial
performance



Key financial indicators

3

For UnipolSai Assicurazioni, 2014 was quite satisfactory in terms of profit for the year.

Table 3.1 Summary of the most significant income statement figures

Source: 2014 UnipolSai Financial Statement

Amounts in €m

	2014
Net earned premiums	11,768
Net income for investments	1,649
Net charges relating to claims (Non-Life and Life)	-8,771
Change in Life technical provisions	-1,195
Net operating expenses	-2,216
Other net charges	-44
Pre-tax profit (loss)	1,191
Net profit	752
Investments and cash and cash equivalents	45,597
Technical provisions	42,508
Shareholders' equity	5,341

The net profit of €752m was achieved primarily due to the favourable Non-Life loss ratio trend despite a tariff squeeze in the market, significant growth in the Life business and good profitability of financial investments in a scenario of a return to stability in the financial markets.

Elements that constitute the Solvency margin amount to roughly 1.83x the margin required.

Solvency
Ratio

1.83

Source: 2014 UnipolSai Financial Statement

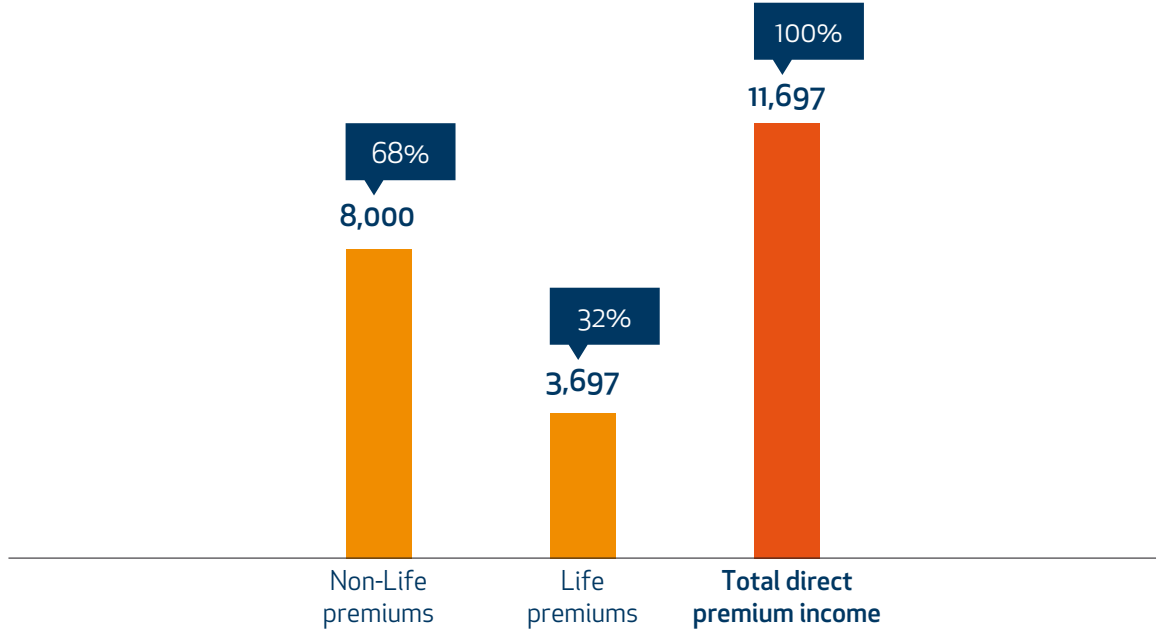
Going into more detail regarding the items contributing to net profit, it should be recalled that UnipolSai's premiums were affected by the transfer of 725 agencies as of 1 July 2014 in compliance with a request from the Antitrust Authority ("AGCM").



Graph 3.1 Breakdown of direct premium income

Source: 2014 UnipolSai Financial Statement

Amounts in €m

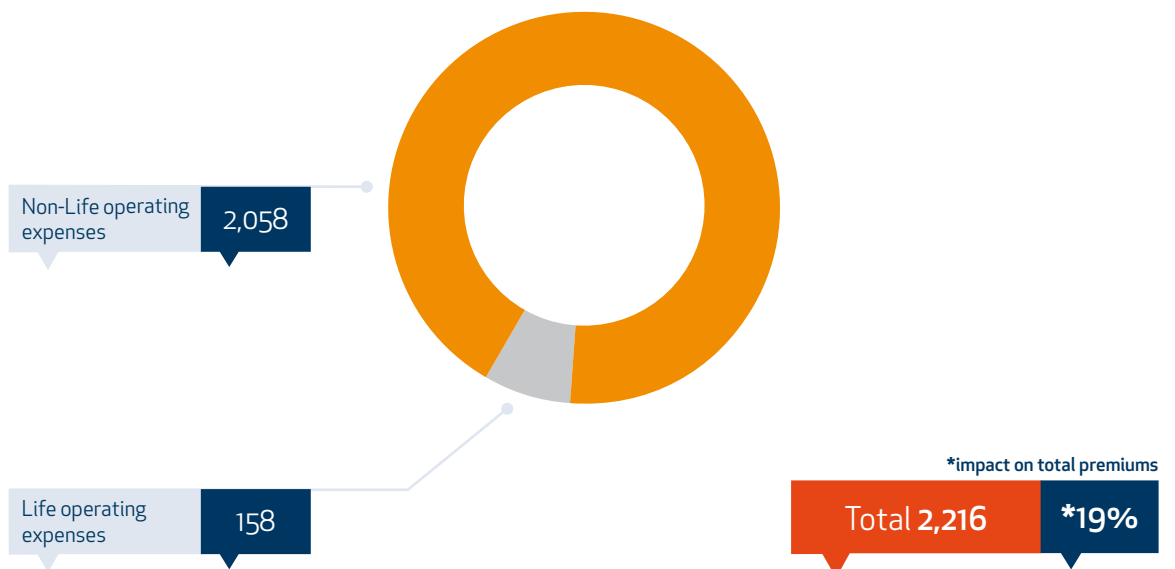


In 2014, operating expenses include extraordinary components for investments in the IT system required during this integration phase and expenses incurred to support the recovery in production (instalments at zero interest rate, advertising campaign and black box).

Graph 3.2 Impact of net operating expenses

Source: 2014 UnipolSai Financial Statement

Amounts in €m



Financial operations were consistent with the Investment Policy guidelines adopted by the Company and with recommendations of the Group Investments Committee and Financial Investments Committee. The criteria of high liquidity of investments and prudence were the guidelines of the investment policy, maintaining the necessary consistency with the liability profile and applying the criteria of optimising the portfolio's risk-return profile.

Investments and cash and cash equivalents reached €45,597m (net of impairment).

In 2014, disposal of a portion of the portfolio (which amounted to €1,896m at the end of the year) continued through a series of transactions involving properties held for sale in fractions, individual properties located throughout Italy and buildings.

In terms of operations aimed at optimising properties' profitability, design activities commenced concerning some of the buildings that will undergo renovation works.

3.1 Non-Life sector

In the Non-Life sector, UnipolSai recorded direct premiums of €8,000m, partially owing to the portfolio disposal mentioned above.

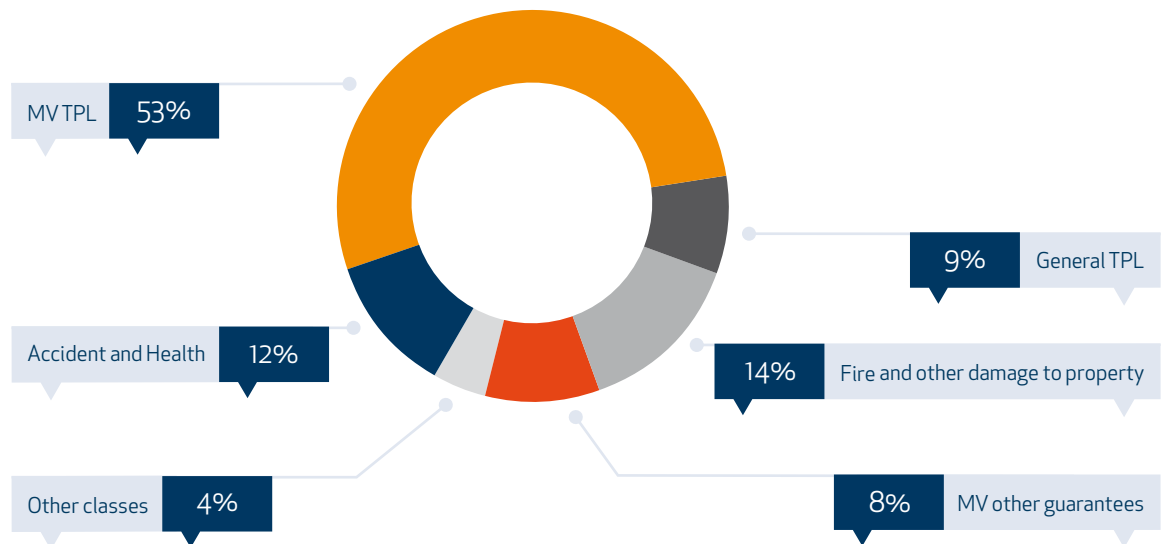
Premiums were affected by the recession and the effects on tariffs - particularly MV TPL - of the highly competitive scenario triggered by the profitability of this sector. As a result, commercial policies aimed to protect the policy portfolio and production relaunch, also through the continuation of targeted advertising and sales campaigns, such as zero interest premium instalment payment plans in synergy with the associate Finitalia, which met with a positive reception by customers. Continuing with the successful experience matured in MV TPL, in July UnipolSai extended the option to pay the premium in instalments at zero interest rate to numerous other Non-MV products.

Business from other guarantees for vehicles was also down, as it continues to suffer from the effects of the economic recession on the automotive market, while the Non-MV segment showed greater staying power with respect to the unfavourable macroeconomic scenario.



Graph 3.3 Breakdown of Non-Life direct business premiums

Source: 2014 UnipolSai Financial Statement



The drop in premiums was partly offset by the favourable trend with regard to Non-Life claims, particularly in the MV TPL business, which recorded a drop in claims with a further decrease in claims frequency which, albeit only in part, allowed the effects of the decline in average premiums applied to policyholders to be limited. In addition, the average cost of claims continued to benefit from the lower impact of claims involving injuries and from action to limit the cost of vehicle repairs and combat fraud.

Among Non-MV classes, as a result of maintaining strict subscription policies, the loss ratio improved considerably over the year in the General TPL and Health businesses. The loss ratio for Fire, however, deteriorated due to the stronger presence of serious claims and those relating to floods, which are increasing in frequency and capable of causing damages of considerable amounts.

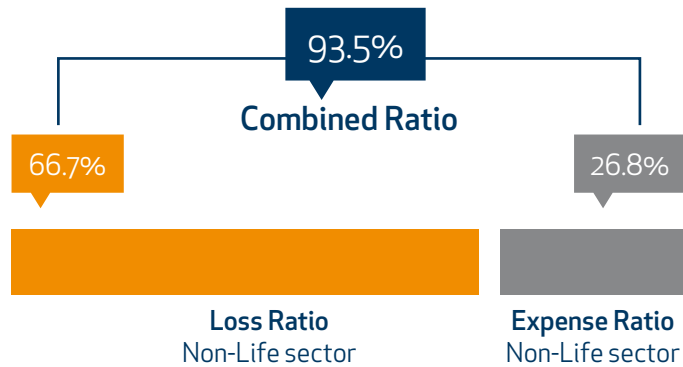
In this context, at the end of 2014 the loss ratio of UnipolSai Assicurazioni was 66.7%.

The expense ratio, affected by the conspicuous drop in premiums associated with the tariff decrease and the disposal of insurance assets, reached 26.8%.

The combined ratio stood at 93.5% at 31 December 2014.

Graph 3.4 Combined Ratio (direct business)

Source: 2014 UnipolSai Financial Statement



3.2 Life sector

In the Life sector, performance was more marginally impacted by the effects of the aforementioned sale of agencies historically most active in the Non-Life sector. In 2014 there was a strong increase in premiums on traditional guaranteed products, aided by the lower interest rates and the lower risk appetite of policyholders.

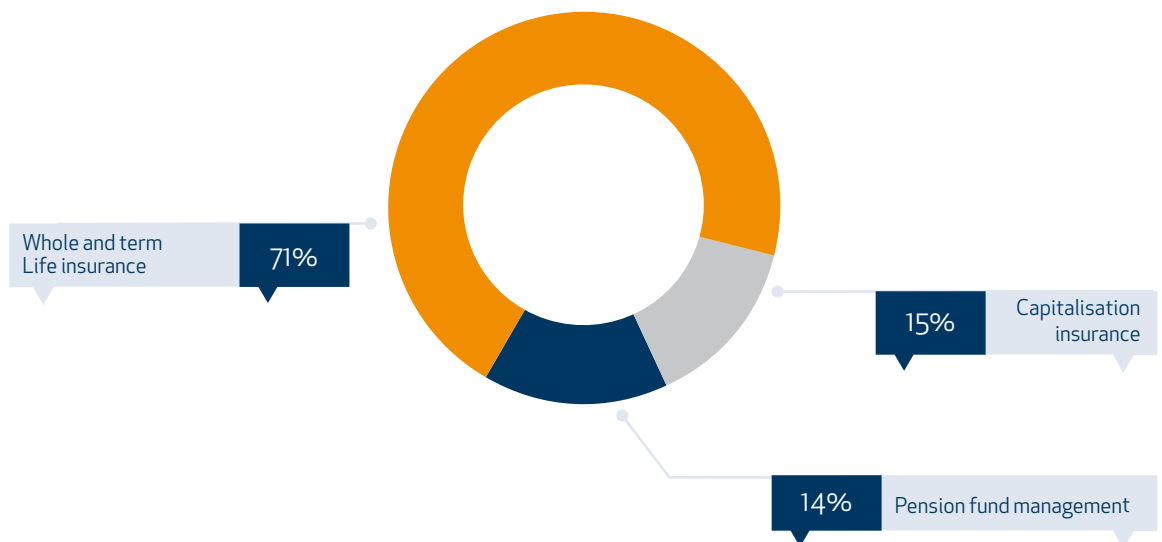
With €3,697m in premiums, UnipolSai experienced growth of 7.5% compared to 2013, despite the fact that some considerable collections on policies which positively impacted the previous year were not repeated.

As in previous years, traditional whole and term life policies and capitalisation policies make a predominant impact on the total premiums of the individual segment, once again showing the preference of customers for products offering financial protection such as the revaluable products. Marketing of the first products standardised for all sales divisions kicked off in 2014. They have substantially fewer financial guarantees than those previously sold by the pre-Merger network of Companies.



Graph 3.5 Breakdown of Life direct business premiums

Source: 2014 UnipolSai Financial Statement



UnipolSai retained its leading position in the supplementary pension market in 2014, despite a difficult competitive context.

UnipolSai managed a total of 21 occupational pension fund mandates at 31 December 2014 (13 of them for accounts “with guaranteed capital and/or minimum return”). In 2014 the management mandate for the Eurofer pension fund was sold and the mandate of the Fondinps pension fund was acquired.

Resources under management totalled €3,719m (€2,671m with guaranteed capital).

The assets of the open-ended pension funds managed by the Company (Unipol Previdenza, Unipol Insieme, Conto Previdenza, Fondiaria Previdente, Fondo Pensione Aperto Sai, Fondo Pensione Aperto UnipolSai Assicurazioni) reached a total amount of €735m and 43,080 members.



**Social
performance**



4.1 Share capital and share trading trends

Share capital

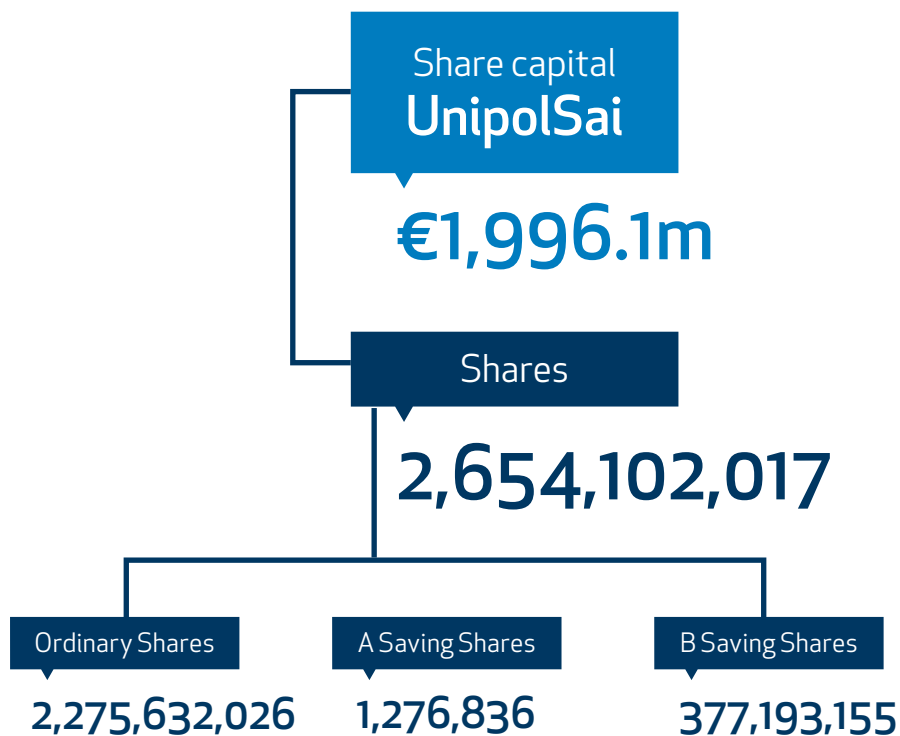
On the date UnipolSai began operating after the merger, 6 January 2014, all shares of the Merged Companies (Unipol Assicurazioni, Milano Assicurazioni and Premafin) were cancelled and exchanged for shares of the Merging Company (Fondiar SAI), which arranged:

- the assignment of all shares of the Merging Company owned by the Merged Companies through their redistribution via the share swaps;
- as regards the excess portion, an increase in its share capital for a total of €782,960,791.85, through the issuing of 1,330,340,830 new ordinary shares and 55,430,483 new class B savings shares to be allocated to the shareholders of Unipol Assicurazioni, Milano Assicurazioni and Premafin.

As a result of the merger and the share capital increase, UnipolSai's **share capital** amounts to €1,996.1m, subdivided into 2,654,102,017 shares, 2,275,632,026 of them ordinary shares, 1,276,836 A savings shares and 377,193,155 B savings shares.

Graph 4.1 Share capital

Source: Department of Law, Shareholdings and Institutional Relations





The shares already issued by Milano Assicurazioni and Premafin were delisted and the new issues of ordinary shares and Class B savings shares were listed on the stock exchange with effect from 6 January 2014, at par with the ordinary shares and Class B savings shares of the Merging Company outstanding at the time of issue.

At that time, the Group took a series of measures to protect the holders of the delisted shares. In particular, Milano Assicurazioni and Premafin shareholders were granted the right of withdrawal. That right was not exercised by any Milano Assicurazioni savings shareholder, whereas it was exercised by Premafin ordinary shareholders, in relation to roughly 0.65% of Premafin's share capital, for a total settlement amount of €2,441,483.86.

The Premafin shares on which the right of withdrawal was exercised were subject to a rights issue and right of pre-emption period (the 'Rights Issue') for Premafin shareholders, during which less than 10% of the shares subject to the rights issue were purchased. The rest were placed in a stock market offering, but however were not sold. In order to protect shareholders, UnipolSai redeemed all unsold shares by purchasing treasury shares.

With a view to further simplifying the shareholding structure, a process was initiated at the end of 2014 which, in 2015, will lead to the conversion of A and B savings shares into ordinary shares. At that point, only UnipolSai Assicurazioni ordinary shares will be present and traded on the market.

Price and share trading trends

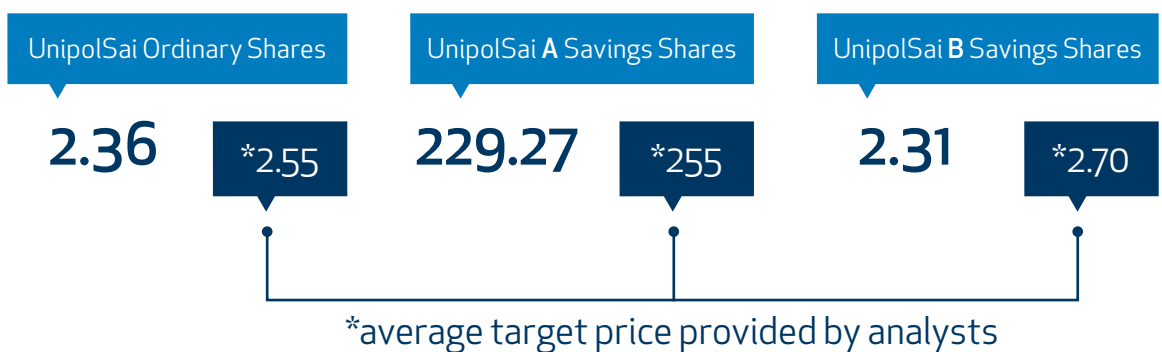
The market performance of UnipolSai shares has been moderately negative for ordinary shares (6%) and very positive for the other classes (UnipolSai A Savings Shares +6% and UnipolSai B Savings Shares +9%). These trends have been impacted by significant rallies in 2013 (higher than 120% for all classes) as well as announcements of conversion proposals made in early December 2014.

The average official price at the end of 2014 was:

Graph 4.2 Shares average price

Amounts in €

Source: Strategic Planning and Investor Relations Department

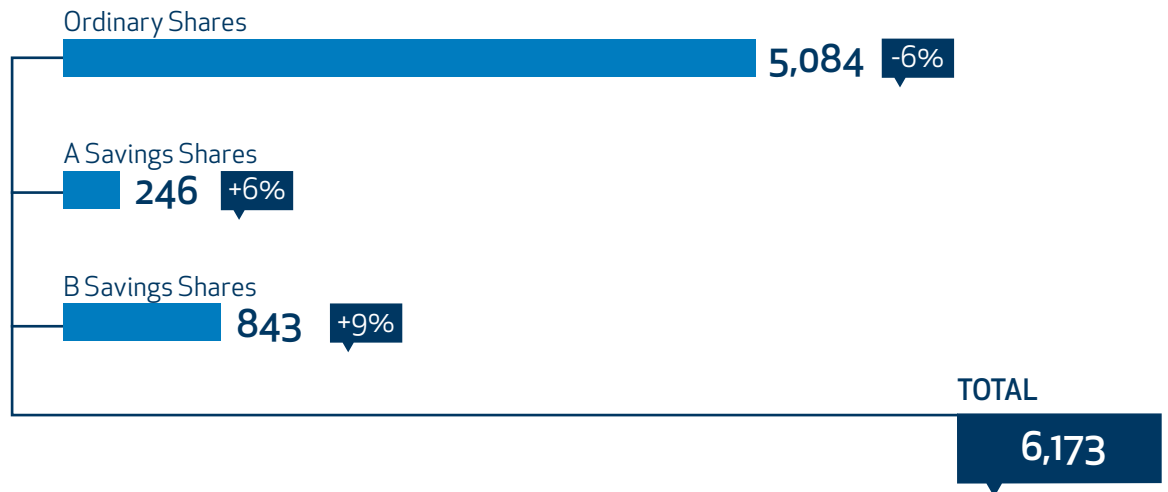




Graph 4.3 Share market value and performance
(at 31/12/2014)

Source: Shareholders' Department

Amounts in €m



Dividends

In view of the profit for the year made by the Parent Unipol SpA at 31 December 2013 (as shown in the financial statements drawn up in accordance with Italian GAAP), the Shareholders' Meeting of UnipolSai SpA held on 30 April 2014, resolved the distribution of dividends totalling €550.0m, €25.1m of which to Class "A" Savings Shares, €84.8m to Class "B" Savings Shares and €440.1m to Ordinary Shares, corresponding to €19.64 per Class "A" Savings Share, €0.22 per Class "B" Savings Share and €0.19 per Ordinary Share.

Following the partial conversion on 5 May 2014 of the 675 bonds issued by UnipolSai and subscribed by the holding company Unipol Gruppo Finanziario SpA, dividends paid on ordinary shares were further increased by €4.8m: as a result, they amount to €554.9m, of which €444.9m attributed to Ordinary Shares.

In compliance with the conditions set forth in the Convertible Loan regulations, €9.6m were also paid to holders of the bonds not yet converted as a Manufactured Dividend.

4.2 Investor relations

The mission of Investor Relations is to provide adequate and punctual disclosure to the market regarding the Company's economic and financial information in full compliance with current regulations on the matter.

The primary objective of this activity is to improve the visibility and appeal of the UnipolSai Group with investors, to ensure that information is disclosed equally and on a continuous basis and to facilitate the proper valuation of outstanding financial instruments.

At the same time, segment trends and competitor performance are monitored, continuous dialogue is maintained with financial analysts and proactive discussions are kept up with shareholders and potential investors.

In carrying out its activities, the Investor Relations Office relies on the collaboration and contribution of various areas of the company. It also counts on the presence of the management at meetings with the financial community.



In 2014, the Investor Relations Office activities were marked by increasing intensity with respect to the previous year, also following the founding of UnipolSai Assicurazioni. Investor relations activities were carried out consistently across Unipol Gruppo Finanziario and UnipolSai.

There were 234 meetings or conference calls with analysts and investors during which the Company met with 372 companies (32% more than in 2013). The majority of these investors are headquartered in the UK (42%), the US (18%) or other European countries (France, Germany, etc.), Italy (16%) and the rest of the world (8%).

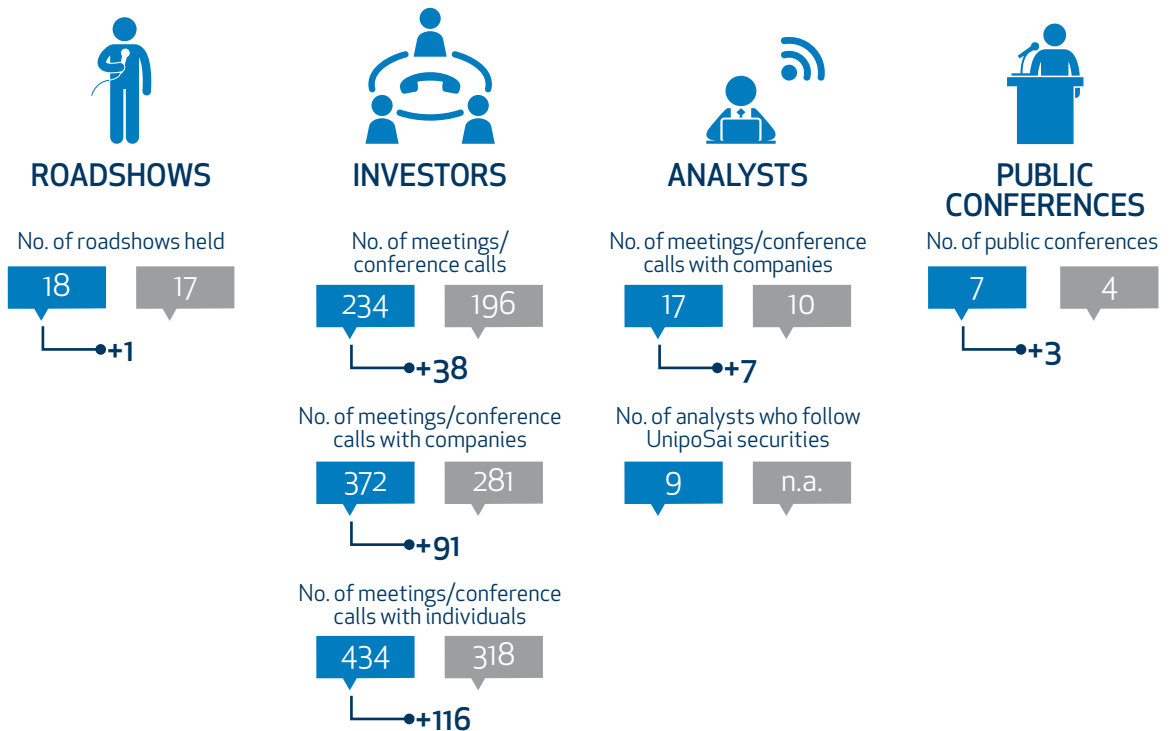
The Company also participated in 7 public conferences (JP Morgan and UBS in Milan, BAML and Morgan Stanley in London, Borsa Italiana and Deutsche Bank in New York and Goldman Sachs in Madrid) and, with the support of certain brokerage companies, organised 18 roadshows (4 in Italy, 2 in the UK, 2 in the US and 10 in other European countries).

The Company met with a total of 434 individuals.

There were also 17 meetings with financial analysts that cover the Group's securities, and informal occasions for contact and information exchanges with those analysts take place almost daily.

Graph 4.4 Investor Relations Activities

Source: Shareholders' Department



In 2014, 9 financial analysts covered the Company's securities. In particular, during the year the analysts of Goldman Sachs also began coverage. The opinions expressed on UnipolSai ordinary shares at year-end were positive in 5 cases, neutral in 2 cases and negative in 1 case (1 analyst provided no recommendation). With respect to the UnipolSai A Savings Shares, 2 analysts gave positive recommendations and 1 was neutral. For the UnipolSai B Savings Shares, there were 3 positive opinions and 1 neutral opinion.



4.3 Investment policies

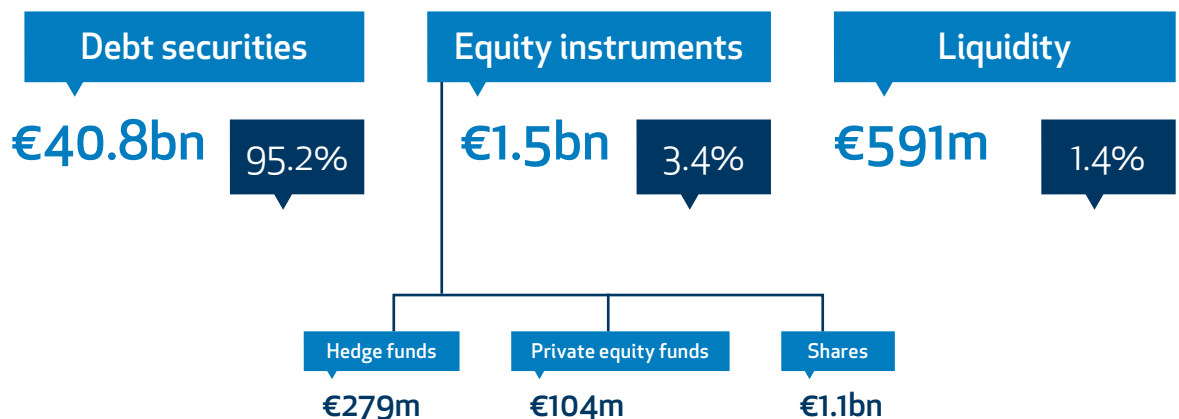
Investment policies are defined jointly and consistently for the entire insurance Group. Therefore, the data in this paragraph have been consolidated at UnipolSai Group level.

In 2014, the investment policies implemented by the Group adhered, in terms of medium/long-term investments, to the general criteria of prudence and of preserving asset quality through a process of selecting issuers based on their strength and diversification, with a particular focus on the liquidity profile and consistent with the Guidelines defined in the **Unipol Group Investment Policy**.

In particular, with a view to reducing overall risk in the long term, efforts were concentrated on reducing exposure to Italian government bonds, which made it possible to limit portfolio volatility, and rationalising the maturity dates of liabilities, in order to best face the deflationary interest rate trends with a mutuality-based approach.

Graph 4.5 Breakdown of the insurance portfolio of class C financial assets

Source: Financial Department



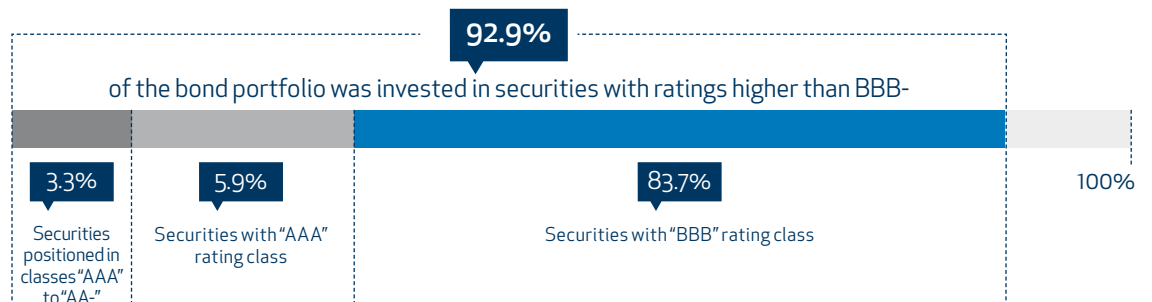
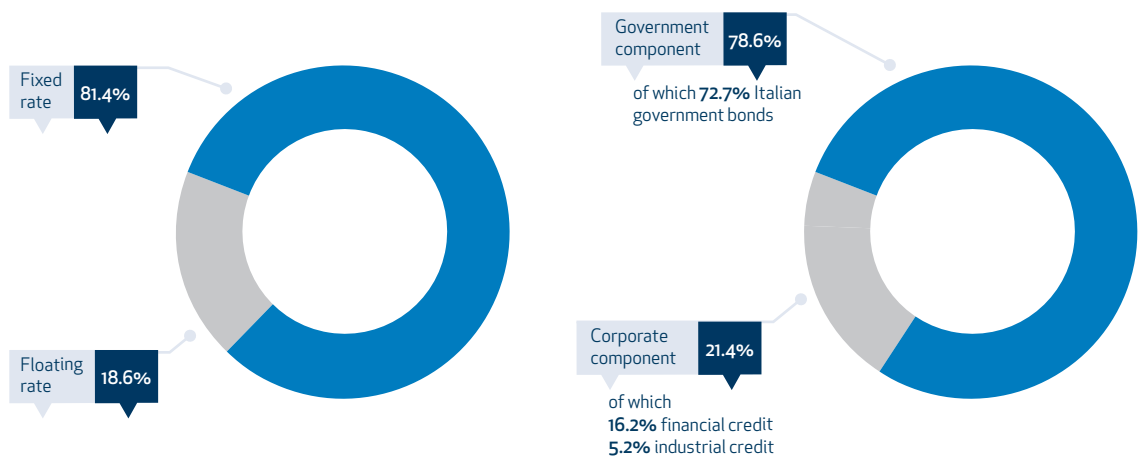
In 2014, exposure to the government bonds totalled €311m (IAS carrying amount) - specifically, in the Life segment there was a net positive balance of €1,298m, while in the Non-Life segment there was a decrease of €987m. The non government component of bonds saw an increase in overall exposure of €1,660m. The action mainly involved financial and industrial securities. On the whole, net exposure to subordinated securities increased by €1,589m.

Asset portfolio simplification activities also continued during the year by reducing exposure to structured securities by roughly €1.9bn.



Graph 4.6 Breakdown of the bond portfolio

Source: Financial Department



Share exposure increased by around €150m through investments in individual shares and ETF (Exchange Traded Funds), representing share indexes.

Exposure to **alternative funds**, a category that includes Private Equity Funds and Hedge Funds, was up for the year to roughly €383m. The majority of the funds comply with the criteria of the UCITS IV EU regulations.

Currency operations were conducted primarily to hedge the currency risk of equity and bond positions, and in part, alternative funds.

There are no Collateralised Debt Obligations (CDO) in the portfolio.

The overall Group duration stood at 5.22 years, up compared to 2013.



4.3.1 ESG investment policies and criteria

The commitment laid down in the 2013-2015 Sustainability Plan to combine economic and profit objectives with social, environmental and governance objectives (ESG - Environmental – Social – Governance approach) by assessing the individual investments was maintained.

The approach adopted to assess the actual degree of inclusion of ethics and sustainability criteria and objectives in the Company's investment portfolio is based on an independent **Sustainability Screening** conducted with the support of the external consultant ECPI S.r.l. This consultant 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.

In 2014, in keeping with the principles of solidarity and responsibility, one of the issuer exclusion criteria introduced was risk linked to **gambling**. A portfolio analysis indicates that to date, there is no investment in Companies listed on financial markets linked to the gambling and betting segment.



Sustainability Screening: exclusion criteria

The exclusion criteria at the basis of the sustainability screening, supplemented by the assessment of the level of compliance to the ESG principles of each issuer, are the following:

- **Companies** are excluded if, directly or through subsidiaries:
 - 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 serious or systematic infringements of human rights, such as homicide, torture and deprivation of freedom, and employment rights, such as forced labour and forms of child labour exploitation;
 - 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, placing attention on the strategy and environmental management, as well as on the impact of products and the production process;
 - they are involved in serious episodes of bribery and they cannot demonstrate that they have developed a social strategy and a system of governance for the proper management of relations with the various stakeholders;
 - they are involved in activities linked to gambling to a prevalent extent.
- **Countries** are excluded if, through the study of a series of indicators, they demonstrate insufficient regard to the principles of the UN Global Compact¹, respect for human rights, workers and the environment. The indicators consider the following areas:
 - Environment: ratification of the main environmental protection conventions (e.g. the Kyoto Protocol) and assessment of overall environmental performance of countries;
 - Society: ratification of the main conventions regarding respect for human rights (e.g. the UN Universal Declaration of Human Rights) and workers' rights (e.g. the conventions of the International Labour Organisation);
 - Governance: assessment of a country's institutional environment in terms of the presence of democratic institutions, economic freedom, ease of doing business and level of bribery and corruption.

1 - The UN Global Compact was drawn up in 1999 on the initiative of the Secretary General of the United Nations, Kofi Annan. It is a code of ethics aimed at encouraging the private sector, especially businesses, to sign up to ten global ethical criteria subdivided into four areas: human rights, protection of the environment, employee rights and the fight against bribery and corruption.





2 - Various Authors (2012), "Land grabbing by pension funds and other financial institutions must be stopped", Civil society statement on the finance of land grabs, www.grain.org/sections/bulletin_board/ - "tags" - "land grabbing", http://www.grain.org/bulletin_board/entries/4534-land-grabbing-by-pension-funds-and-other-financial-institutions-must-be-stopped; Alonso N. (on behalf of all signatories) (2012), "Biofuels and carbon footprint", Oxfam International EU Advocacy Office, Belgium, www.wwf.eu/sections/media_centre/ - "publications", http://awsassets.panda.org/downloads/open_letter_to_european_commissioners_signed_by_100_ngos_1.pdf. Letter written by 104 NGOs to President of the European Commission José Barroso to request that ILUC - Indirect Land Use Change be taken into consideration in upcoming decisions regarding European biofuel policies.

3 - Various Authors (2011), "International Scientists and Economists Statement on Biofuels and Land Use", A letter to European Commission, www.ucusa.org/sections/issues/ - "global warming" - "global warming solutions" - "stop deforestation", http://www.ucusa.org/assets/documents/global_warming/International-Scientists-and-Economists-Statement-on-Biofuels-and-Land-Use.pdf.

4 - Various Authors (2011) "EU Transport GHG: Routes to 2050? Cost effectiveness of policies and options for decarbonising transport", www.eurtransportghg2050.eu/sections/Reports/, <http://www.eurtransportghg2050.eu/cms/assets/Uploads/Meeting-Documents/EU-Transport-GHG-2050-II-Task-8draftfinal21Nov11.pdf>.

5 - FAO - Food and Agriculture Organisation (2012), Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests, www.fao.org/section/Publications/, <http://www.fao.org/docrep/016/i2801e/i2801e.pdf>.

The Sustainability Screening analyses investments in listed and unlisted financial instruments, excluding Investment Trusts (unit trusts set up and managed by SGR, Open-Ended Investment Companies), including investments in assets held as a hedge against technical provisions, investments in open-ended pension funds, personal pension plans and unit-linked and index-linked investments managed directly by the Company.

At the end of the year, the **investments subject to the sustainability screening** amounted to €49bn, corresponding to 85.3% of all assets under management.

99.2% of investments (corresponding to €48.7bn) screened complied with the above-mentioned criteria on 31 December 2014. The remaining 0.8% of the portfolio was monitored on a quarterly basis and was made up partly of securities that did not meet the requirements and partly of securities not yet covered by the screening.

In drawing up its investment policy UnipolSai also paid a lot of attention to the issue of speculation on the **agricultural commodities** market (soft commodities), and chose not to invest either directly or indirectly (as the manager of its customers' assets) in that market.

Also in the area of investment property, the Company took into consideration **land grabbing**, or the large-scale, coercive hoarding of "unused" land, which is sold or rented to third parties (companies or governments of other countries) without the consent of the communities that live there or cultivate that land for food. In recent years, the severity and relevance of this topic have been placed at centre stage by representatives of non-governmental organisations², the academic sphere³ and agencies of the European Commission⁴, which led the UN Committee on World Food Security to approve, with the participation of civil society and the private sector, the "Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests"⁵ in May 2012. The document provides instructions and criteria aiming to ensure that any public or private party complies with all forms of tenure of land - public, primary, communal, informal, customary - in land sales or purchases. UnipolSai prefers to adopt a precautionary approach and to protect the rights of the weakest members of society by choosing not to invest in that area.

UnipolSai's **financial asset management** activities envisage the use of derivatives, as defined by ISVAP Regulation No. 36 of 31 January 2011, only for hedging purposes, to reduce the risk profile of the assets/liabilities hedged, i.e. to optimise their risk/return profile. Therefore, UnipolSai's recourse to OTC (over the counter) derivatives, which are traded bilaterally (directly between the two parties) outside of regulated markets, aims to protect the value of a position from undesired fluctuations in market prices and eliminate the asymmetrical and speculative component of the instrument, making this a prudent tool. In particular, the investment policies in force within the Company establish that a derivative may be sold, even not for hedging purposes, only if the underlying with which it is correlated is held at least in an equal amount, and if the derivative sold does not result in increasing exposure. If the underlying is not held, OTC derivatives may be used exclusively in purchase transactions, so as to automatically determine the maximum loss associated with the purchase of the derivative, which will be the cost of the derivative itself.

4.3.2 Investments in "sustainable companies"

UnipolSai's attention to **SRI** (Sustainable and Responsible Investments) in 2014 ensured once again that it would retain various investments that combine the objectives of profitability and financial risk management with significant social and environmental sustainability characteristics of the investee company. In particular, it retained investments in the **Green Economy**, placing its faith in several companies in the renewable-energy sector:

- **Ambienta Fund**: Independent private equity fund specialised in investing in companies working in environmental segments and those relating to renewable energies, energy efficiency and pollution control;
- **Energheia Fund**: Real estate investment fund that invests primarily in photovoltaic systems acquired, developed and managed on its own behalf and on behalf of third parties by Energheia Italia S.p.A., a leading Italian operator in the renewable energies sector, which focuses specifically on solar energy;
- **Andromeda Finance S.r.l.**: Limited liability company established to issue asset backed securities (ABS). The assets are owned by Andromeda PV S.r.l., which designs, builds and manages photovoltaic system projects in Italy.

As regards investments of social interest, in the **social housing** sector investments were retained in the Housing Toscano fund and the Polaris Parma fund. These Funds handle real estate development and management with a social approach, in order to support a new range of accommodation for those who cannot buy a house either for financial reasons or because of lack of availability.

At the end of 2014 this type of investment amounted to approximately **€24.2m**.

Pension Funds are another indirect way of promoting a sustainable and ethical economy, since by investing prudently they reward businesses and countries that meet certain ethical and environmental standards.

UnipolSai Assicurazioni is one of the market leaders in the management of **Occupational Pension Fund** assets. Amongst the various subfunds managed, 3 feature an equity portfolio with an ethical mission, representing around 25% of the total assets managed by the company. These are: FondoPoste (Guaranteed), Fonte (Guaranteed) and Solidarietà Veneto (Prudent). These Funds experienced a 27% decline in income compared to the previous year.


With regard to the Open-Ended Pension Funds, UnipolSai Assicurazioni was the first Italian insurance company (in 2001) to offer an SRI - Sustainable and Responsible Investment supplementary pension fund product managed with a view to social and environmental sustainability: the "Protezione Etica" subfund. The second product appeared on the Pension Funds market five years later in 2006.

The "Protezione Etica" subfund is one of the four subfunds of the Unipol Insieme Open-Ended Pension Fund (No. 112 in the Covip register) managed by UnipolSai Assicurazioni, is classified as "mixed bond" and invests in a diversified portfolio of primarily bond, and marginally equity, instruments of the Eurozone. The **Unipol Insieme "Protezione Etica"** assets are entirely managed using ESG criteria and amount to **€73.7m** (around 10% of all assets managed by UnipolSai Assicurazioni), an increase of 21.6% compared with 31 December 2013 (€60.6m). The objective of this subfund is to strike a harmonious balance between economic performance and the social and environmental performance of the investee companies and countries, giving preference to the securities of companies characterised by "sustainable and socially responsible" conduct and activities.

Unipol Insieme
"Protezione
Etica" assets

€73.7m

➤ +21.6%
compared with 2013





6 - "Accountability is acknowledging, assuming responsibility for and being transparent about the impacts of your policies, decisions, actions, products and associated performance. It obliges an organisation to involve stakeholders in identifying, understanding and responding to sustainability issues and concerns, and to report, explain and be answerable to stakeholders for decisions, actions and performance. It includes the way in which an organisation governs, sets strategy and manages performance." from AA1000 Accountability Principles Standard (AA1000APS) of 2008.

The subfund's Sustainability Consultant, ECPI, provides the asset managers with a certified monthly list of securities eligible for investment, which includes companies and countries selected in accordance with a rigorous qualitative and quantitative approach.

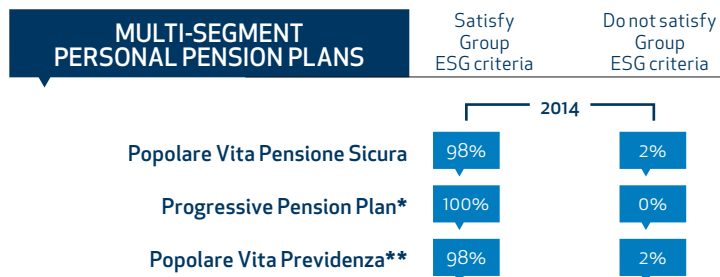
Since 2013, Unipol has worked to boost transparency in order to improve the accountability⁶ of the "Protezione Etica" subfund by publishing a voluntary report - the first in Italy for a supplementary pension fund product - dedicated to current and potential subscribers, which adheres to the model of the "European SRI Transparency Code" issued by Eurosif - European Sustainable Investment Forum.

Lastly, SRI is subject to increasing attention and constant monitoring by UnipolSai, as an integral part of the Company's positioning and conduct. In 2014, in order to improve accountability, the percentage of investments for each PIP that satisfy the ESG criteria applied to all Group investments (Sustainability Screening) was published in the obligatory documents required under the Covip regulation on Personal Pension Plans currently available for sale (as was already done in 2013 for the Open-Ended Pension Funds).



Graph 4.7 Weight of assets of the individual Open-Ended Pension Funds and Personal Pension Plans

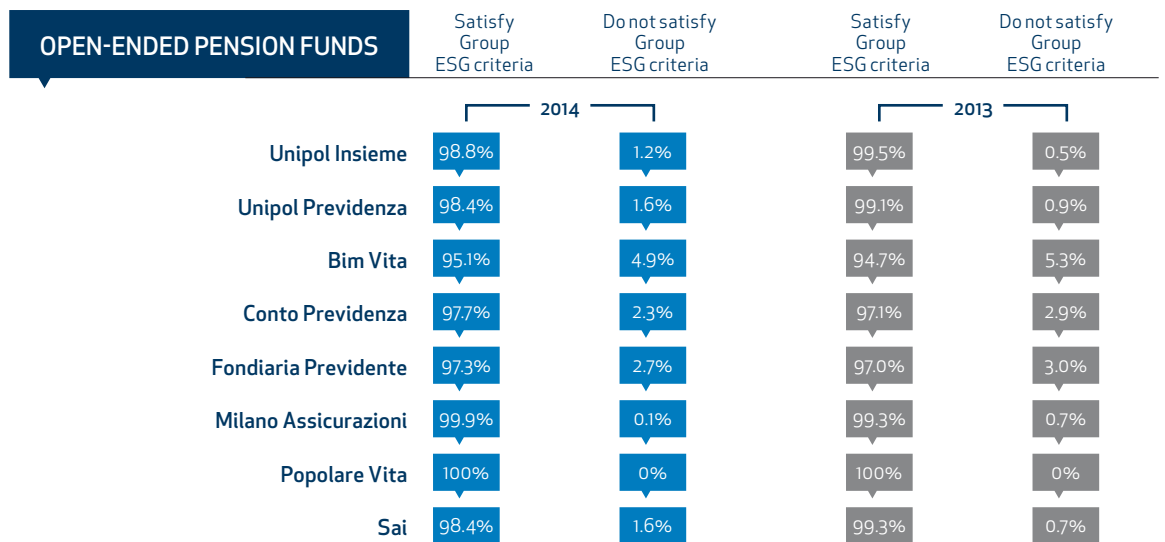
Source: Financial Department



1- Multi-segment products offer the opportunity of investing, with a single contract, in a traditional segregated account – which makes provision for a guaranteed capital sum and generally a minimum return – and simultaneously in unit-linked insurance funds, which make it possible to contribute to the trends in the financial markets.

*The Control, Medium and Power unit-linked plans are consolidated only within Unipol Gruppo Finanziario S.p.A.

**No longer sold.





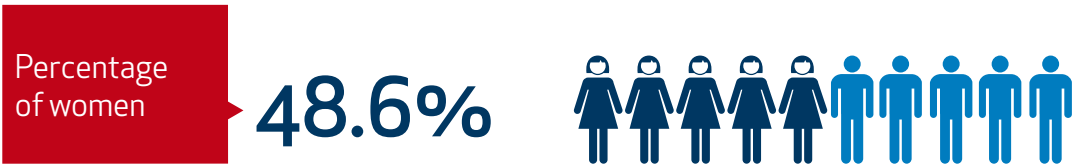
5.1 General details

The new size achieved by the Company following the merger required the introduction of an organisational restructuring also with a view to handling the impact on occupation and geographical distribution.

In compliance with Unipol Group’s values and history, the complex transformation process was addressed by attempting to reconcile the industrial and economic objectives at the basis of the Business Plan with responsible and balanced management of the social effects connected with the operation.

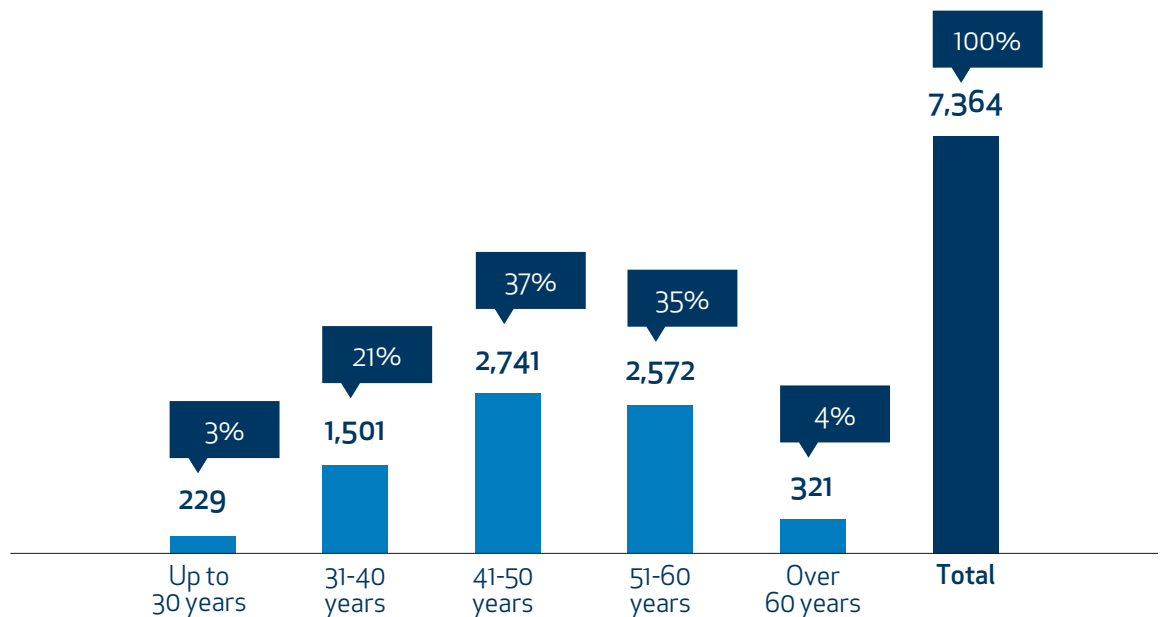
In order to attain the goal of containing labour costs, the Company confirmed the use of the employee leaving incentive instrument for staff having pension requisites and, the first in Italy, made the Solidarity Fund for the insurance sector operational. At the same time it developed a specialisation plan, of the business activities in the various working environments with a view to pursuing a more productive, efficient and real qualification of these activities, avoiding the parcelling and fragmentation of corporate processes and safeguarding the levels of professionalism in such a way as to allow real development and sustainability over time. To this end, training and professional requalification processes were improved as well as those supporting internal mobility.

At the end of 2014, the overall workforce of UnipolSai totalled 7,364 people, 48.6% of which were women.



Graph 5.1 Personnel by age bracket

Source: Human Resources and Organization Department





To demonstrate its commitment to the continuity of relationships and the safeguarding of workers' rights, over 99% of staff are hired on a permanent basis.

Permanent staff

99%

5.2 Staffing trend

The turnover index (equal to 16%) in 2014, calculated as the ratio between the sum of new recruits and leavers and the total workforce, cannot be considered significant, since influenced by two exceptional events that occurred during the year: the agreement for the sale of the business branch to Allianz S.p.A., which led to the transfer of 488 employees, and the introduction of initiatives, agreed upon with the trade unions in December 2013, aimed at setting up the procedures for joining the Solidarity Fund or, in the event of specific individual requisites, at making use of the provisions laid down in the so-called Fornero Law.

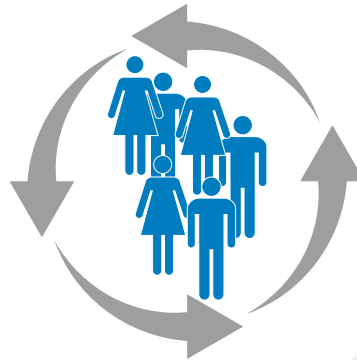
Source: Human Resources and Organization Department

Turnover

Total recruits

113

67 46



Total leavers

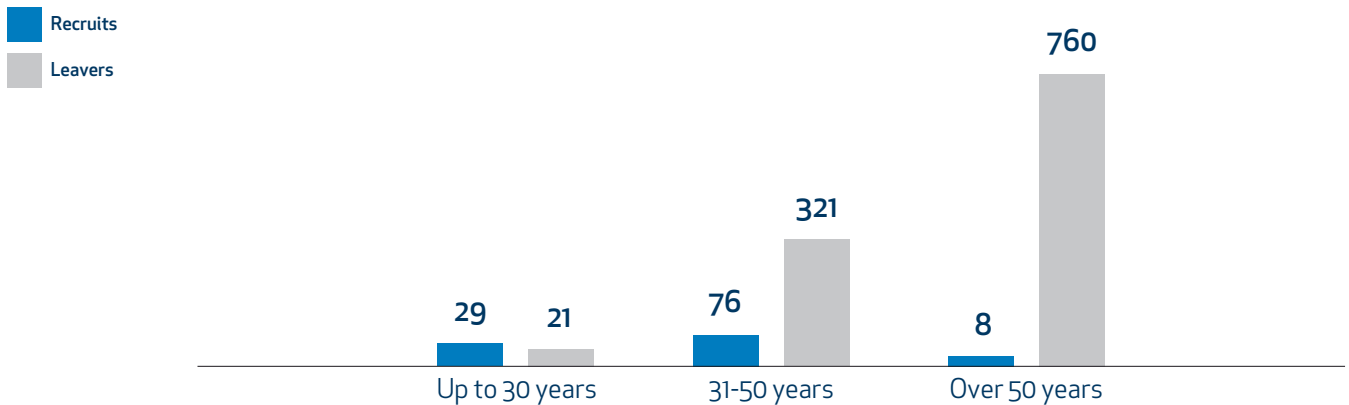
1,102

301 801



Graph 5.2 Turnover by age brackets

Source: Human Resources and Organization Department



Mobility

UnipolSai, in line with its belonging to the Unipol Group, offers its employees the opportunity to move to other internal departments or to other Group companies. In carrying out the reorganisation, the Company deemed internal mobility to be an opportunity for professional development and for expertise to be recognised.

The fundamental criteria governing mobility are the meeting of the qualification requirements necessary for the position, the meeting of technical/professional requirements, the participation in training courses and seniority in the company.

With a view to promoting intra-group integration and the allocation of new tasks, training and professional requalification courses were provided to a significant number of persons. With reference to internal mobility in Unipol Group's Insurance Business, there were 847 transfers.

5.3 Relations with Trade Unions

In line with the Group's historic tradition, UnipolSai has taken up a model based on consolidated union relations, which are founded on principles enhancing involvement and empowerment, and capable of effectively striking a balance between corporate objectives and the central role played by workers through dialogue, exchange of views and consultation, while respecting reciprocal roles.

Numerous meetings were held in 2014 between the company and union representatives, especially focused on the actions set out in the union agreement of 18 December 2013, related to the merger, which was signed with all the trade union organisations. Since 321 employees meeting the exit requirements did not join the agreement and, consequently, the objectives indicated in the aforementioned merger agreement of December 2013 were not reached, new negotiations were held which were concluded on 29 December 2014. In the agreement, which supplements the merger agreement of December 2013, the Parties identified suitable rules, methods, timing and tools for effectively achieving the objective of workforce downsizing and resulting labour cost containment associated with surplus. Specifically, the agreement analyses issues regarding the organisational structure (with particular reference to the aforementioned specialisation of the different places of work) and topics regarding the identification of suitable tools for achieving the objectives of workforce downsizing and labour cost containment.



In order to minimise the social impact of the operation, it was jointly decided to adopt the employee leaving incentive for personnel meeting pension requisites and access to the Solidarity Fund for the insurance sector, with specific and improved accompanying conditions also with respect to social security and supplementary health coverage. In addition to these measures, incentives were provided for employees wanting to start their own business, as well as organisational facilitations for employees interested in switching to part-time work.

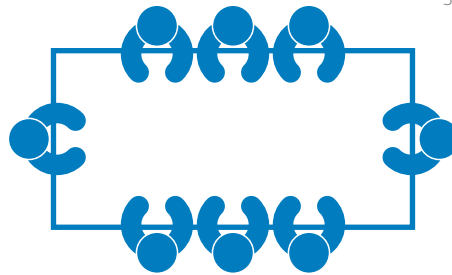
The Company also agreed, upon achievement of the shared objectives of 321 exits, to introduce an adequate recruitment policy aimed at young people in order to ensure the necessary coverage of high-skilled expertise that could not be found or exchanged.

In terms of participation in the union activities, it should be noted that, during a year of significant organisational changes, there were 7,409 hours of strike, equal to 0.06% of the hours worked throughout the year. In support of and as guarantee for union activities in the workplace, 137,872 hours of paid leave for union business were taken in 2014. Overall, trade-union membership by UnipolSai employees was equal to 66.5%.

Source: Human Resources and Organization Department

Trade Union
members
(employees)

4,897



equal to **66%** of UnipolSai employees

5.4 Employee relations

5.4.1 Internal communication and participation

In conjunction with the start of the corporate integration project, the strengthening of internal communication, aimed at developing a shared approach and promoting transparency, was launched and completed during 2014.

The main promotion and dialogue tool is the intranet, "Mosaico", which brings together all the employees in a single platform. The intranet promotes the spreading of news, operating methods and guidelines, the access to organisational aspects and any information to better understand the directions taken by the corporate transformations and the adherence to the welfare services.

The Mosaico intranet is supported by Unit, the corporate video channel, and by the display of posters and banners intending to promote the development of digital communication and to strengthen employees' sense of belonging and motivation.

Alongside the investment in internal communication, corporate charity work also contributes to fostering a shared view of the new Company and to strengthening the sharing of its identity. In 2014, initiatives were organised together with Stop Hunger Now and Legambiente, which involved a total of 130 employees. In addition to this



charity work, in 2014, 28 workers were involved in the voluntary summer camps promoted and organised on properties confiscated by **Libera – associations, names and numbers against the Mafia** and aimed at asserting and disseminating the principles and culture of legality, and the fight against organised crime.

In addition to corporate charity work, another tool to favour relations between staff and to develop long-lasting relations between workers and the company, is the support provided to the education system: during 2014, Unipol Scuola was launched to support the education of UnipolSai employees' and agents' children. Overall, 161 scholarships for a financed value of €147k and 11 Intercultura scholarships, awarding study trips abroad for secondary school pupils aged between 15 and 17, for a value of around €58k, were granted.

5.4.2 Protection of the health and safety of workers

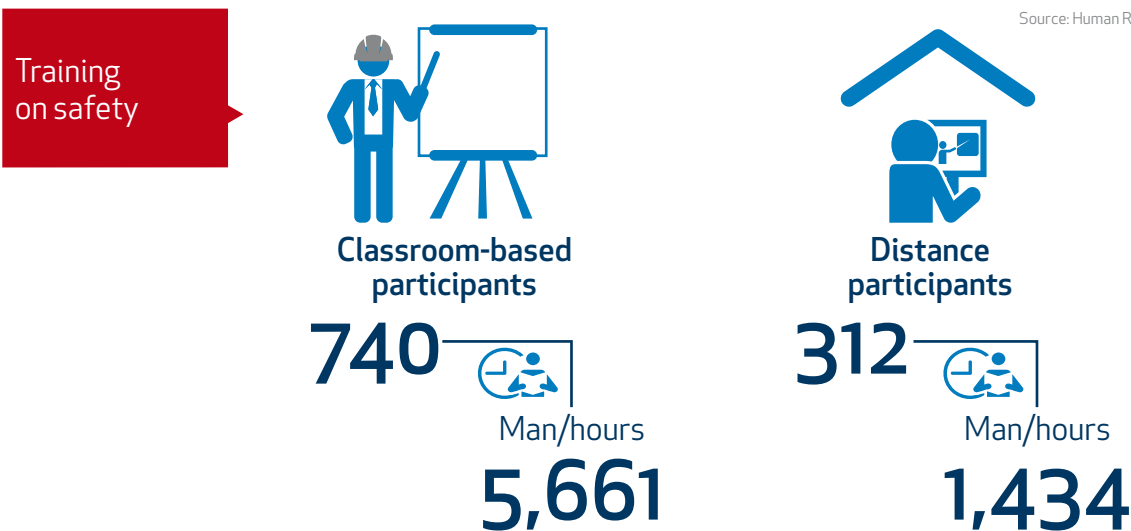
Safety monitoring

UnipolSai devotes particular effort to protecting the safety, health and well-being of all of its staff. In order to ensure workplace health and safety, the company is provided with a Prevention and Protection Service, Workers' Representatives and Company Doctors. The Health and Safety Department develops and handles risk assessment, monitoring and problem-solving associated with preventing the ill-health and safeguarding the health of employees, and liaisons with the Personnel Technical Training Department for specific training.

Alongside traditional classroom based courses, the e-learning platform, Unipol Web Academy, is also used for safety training.

The structured programme of training courses on safety continued in 2014, covered all employees, whatever their job, and dealt with current legislation. As provided for by legislation, therefore, significant training was conducted for newly hired staff, supervisors, workers' safety representatives, prevention and protection service managers, and first aid teams, both in the classroom and through e-learning lessons, where suitable.

Source: Human Resources and Organization Department



The new size achieved by UnipolSai required a redesign of the safety training activities, both with regard to general activities (for all company positions) and more specific ones (emergency operators). More specifically, new training programmes were introduced, such as training in the use of breathing devices, education and training in the use of Personal Protection Devices, a theoretical/practical course for workers in charge of assisting disabled persons in emergency situations, and the Road Safety course conceived for staff particularly exposed to the risks in connection with the use of vehicles and, more in general, of means of transport with the aim to raise awareness in workers on the risk of accidents while on the move.

Employees' health

As provided for in the workplace risk assessment, health monitoring activities are carried out by a team of eight occupational doctors in charge of single local areas and the presence of a doctor as coordinator. The number of periodical visits, which amounted 2,827 in 2014, depends on the employees' tasks and on the health protocol defined by the Occupational Doctor.

During 2014, a total of 2,558 visits were carried out in 2014 to prevent the ill-health and protect workers, with campaigns targeted at employees and their families as a complimentary service. Among the various initiatives, cardiovascular prevention activities with ECG (211 participants) continued, as well as Pap Tests to help prevent cervical cancer, in collaboration with LILT, the Italian Association for the Fight against Cancer (283 participants).

Number of visits
to prevent
ill-health and
protect workers

Total
2,558



Source: Human Resources and Organization Department

Regarding seasonal influenza vaccination, the usual free vaccination campaign was promoted to all employees of the Group's companies and of all branches (541 participants). There was significant participation by various branches of the Group (293 participants) in the traditional company-based blood donation initiative, in cooperation with the voluntary association AVIS.

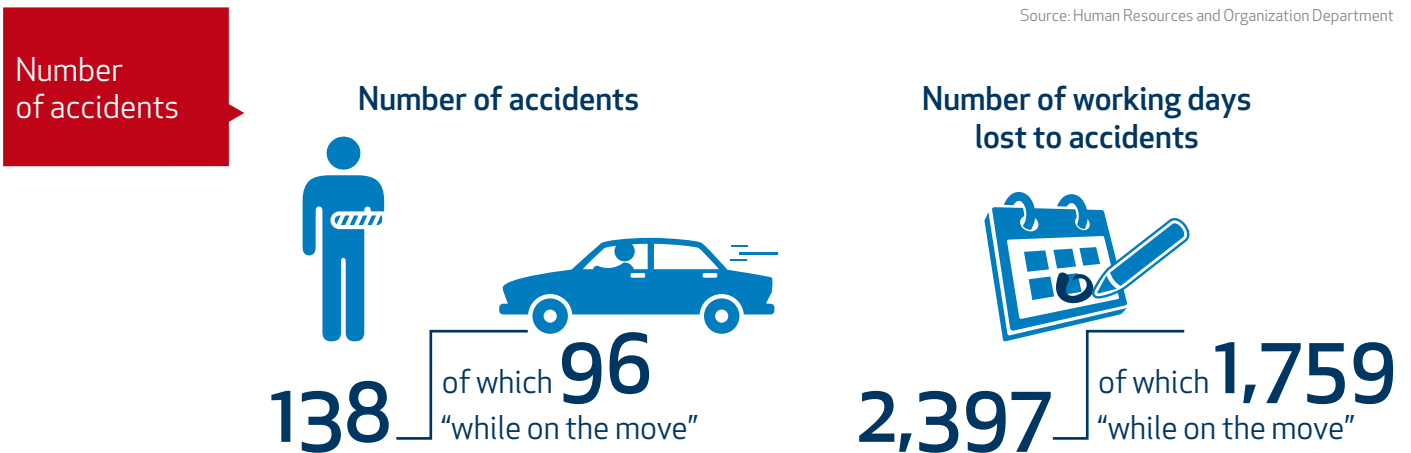
Even the Skin and Moles (cutaneous melanoma) campaign was highly successful (1,109 participants). This free initiative, organised in cooperation with LILT, was carried out throughout the various branches where suitably equipped check-up rooms were used.



Accidents at work

2014 was dominated by accidents occurring while on the move, both in terms of frequency and working days lost.

Source: Human Resources and Organization Department



With regard to serious accidents on the workplace, the Prevention and Protection Service carried out appropriate inspections for the adoption of an accident detection model which analyses a number of elements such as, by way of example, the place, dynamics, equipment etc., and acquires, depending on the case, photographic documentation, evidence and whatever else of use in order to identify the possible causes of the event and to propose suitable corrective and/or prevention actions.

5.4.3 Corporate welfare

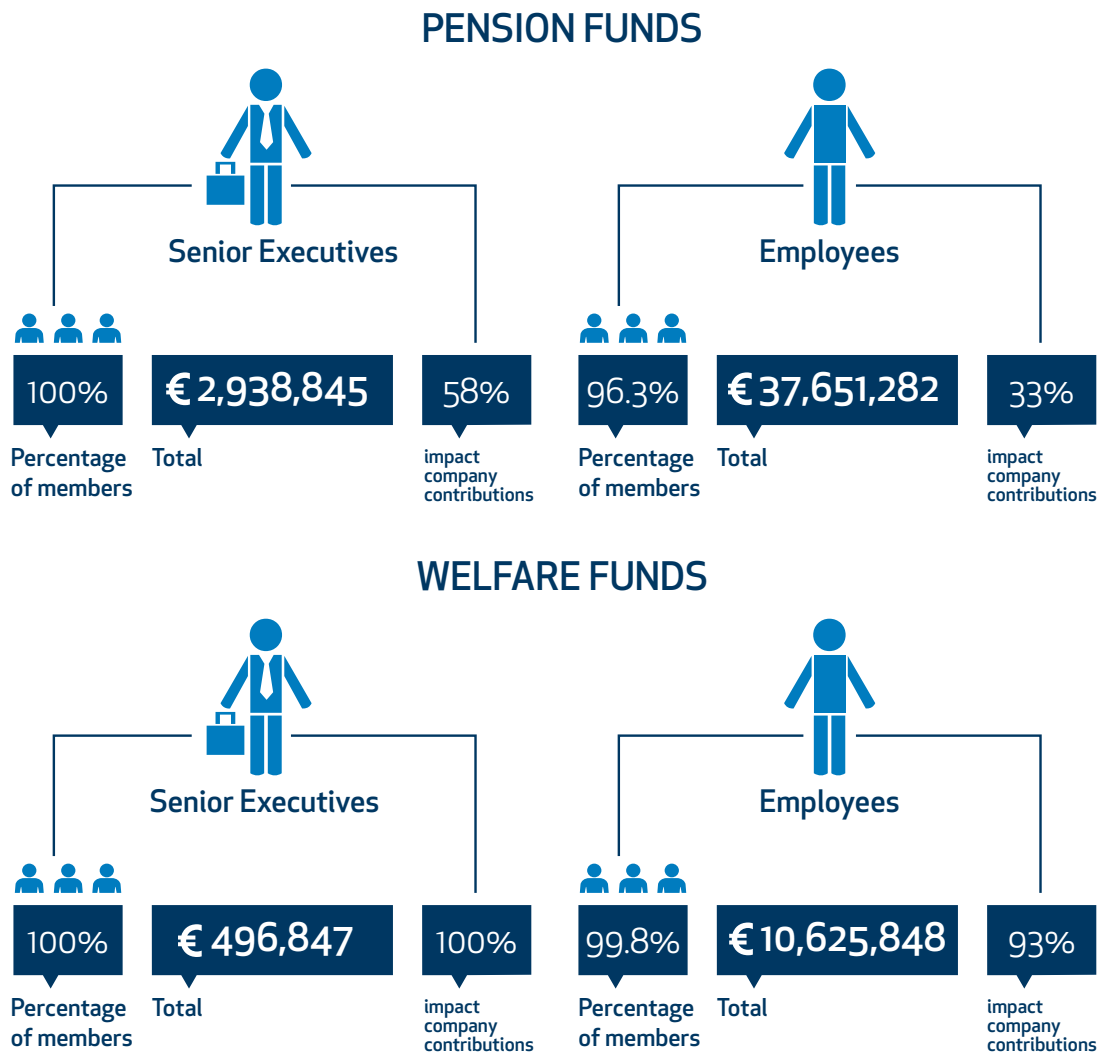
Welfare in UnipolSai consists of two levels: the first, so-called "historic" level regards the initiatives connected to supplementary income supporting the individual, such as health assistance and the pension fund. These benefits have become a firm asset in the relationship between the company and its employees, and were set up many years ago also as a consequence of the negotiation with union representatives.

At UnipolSai, a total of 7,349 employees have joined the Welfare Fund (including senior executives employed at 31 December 2014), for which the company paid an overall contribution of €10.3m in 2014, while 7,092 employees have joined a Pension Fund (including senior executives employed at 31 December 2014), for which the Company paid an overall contribution of more than €14m in 2014. Healthcare assistance and supplementary pension services are currently provided through 3 Pension Funds and 4 Welfare Funds.



Graph 5.3 Percentage of members and contributions paid at 31 december 2014 into the supplementary Pension Fund and Welfare Fund

Source: Human Resources and Organization Department



The regulations of UnipolSai Pension Funds allow personnel to retain their membership of the fund and subsequently continue to make voluntary payments even when no longer employees of the company. In 2014, with reference to all members of the Senior Executives Pension Fund, total contributions amounted to €3.1m, including the contributions paid by Companies, Senior Executives and post-employment benefits allocated; while payments of €42.3m were made to UnipolSai Employee Pension Funds, including the contributions from the Company, Workers and post-employment benefits allocated.

In special cases governed by collective contracts and agreements, it is possible to continue to benefit from healthcare assistance cover for the period of time established in these contracts and agreements, even if no longer an employee of UnipolSai.

At the end of 2014, the total amount of contributions paid was €11.4m, 832k of which borne by the members. With regard to the Welfare Fund for Senior Executives, the payments made amounted to €1,690,528.



A second welfare level is also available, related to the Company's core business, which comprises a number of services and coverage offered to employees at special conditions, ranging from home loans to third-party car insurance.

Over the past years, these offers have been further enhanced thanks to the company's commitment to finding solutions capable of improving work-life balance needs. **We Unipol** is the result of this commitment: a project aimed specifically at achieving more effective management of welfare initiatives for employees. Starting from the centrality of the individual, whose well-being is essential for the quality of life of each single person, combined with corporate efficiency and productivity, We Unipol offers two services: **Services for Individuals** and **Time-Saving Services**. The former seek to reduce family management issues, especially extraordinary ones, while the latter to simplify and reduce day-to-day tasks, by organising services within the company.

In 2014, these services were operational only for employees working in the Bologna head offices, while efforts were made to extend the services to the head offices of Turin, Milan, Rome and Verona.

The **Services for Individuals** respond to family care and assistance needs, helping employees and their family members to have access to skills, staff or reliable facilities which are selected and can be reached through preferential channels. The activities that were introduced included the intercompany nursery, home care and assistance services, agreements with hospitality and care centres, and educational and entertainment programmes for children during the summer period.

The **Time-Saving Services** are designed to help day-to-day tasks, offering valuable time for employees' private life. On this basis, special areas were identified in the work premises where, during certain hours, employees have access to a wide range of trade and business assistance services. Ordinary and extraordinary maintenance services for the home were also introduced, which are accessible at any time through the "Mosaico" intranet or the free-phone specifically set up. Lastly, again as part of the Time-Saving Services, special agreements were signed with other personal care services, which guarantee access to services with extended opening hours so as to take into account employees' working needs.

The new features of 2014 include the introduction of car maintenance services in collaboration with the UnipolSai Services Centre: an "integrated claims management" service, for employees who have taken out a car insurance policy with the Group companies, for the opening of the claim, expert appraisals, vehicle repair and replacement car. Car maintenance services are also available for employees regardless of the Company with which they have taken out an insurance, at special prices.

Overall, considering 1,532 employees belonging to UnipolSai, 3,088 second-level welfare services were used, over 80% of which related to the delivery of pharmaceutical products, whereas 71 family members of employees made use of the personal care services.

Number of
second-level
welfare
services used

3,088





Thanks to We Unipol, a welfare model was tested in Bologna which also aims at stretching its roots throughout the local area while enhancing its specific features and supporting its businesses. In this view, the commitment to select local suppliers in collaboration with the Public Administration and Sector Organisations plays an extremely important role. Identifying the service suppliers has favoured, on the one hand, quality, accessibility, reliability, attention to inclusion and recognising value, in compliance with the Group’s traditional principles, and on the other hand, parameters relating to experience, professionalism of operators, management skills, time flexibility and the possibility to share and customise personal care services.

5.4.4 Inclusion and recognising the value of diversity

UnipolSai’s commitment to ensure equal opportunities has always been a priority area for human resource management which pursues inclusive policies with no discrimination against any form of diversity.

In 2014, in UnipolSai, **women** accounted for 48.6% of workers. Regarding job level and qualifications, considering all positions of responsibility, including officers (accounting for 19% of Company employees), women amount to 23% for a total of 362 employees. Among the senior executives, the share of women amounts to 10%, while there is a higher percentage of women than men among administrative staff (55%) and call centre staff (above 88%).

Percentage of women senior executives

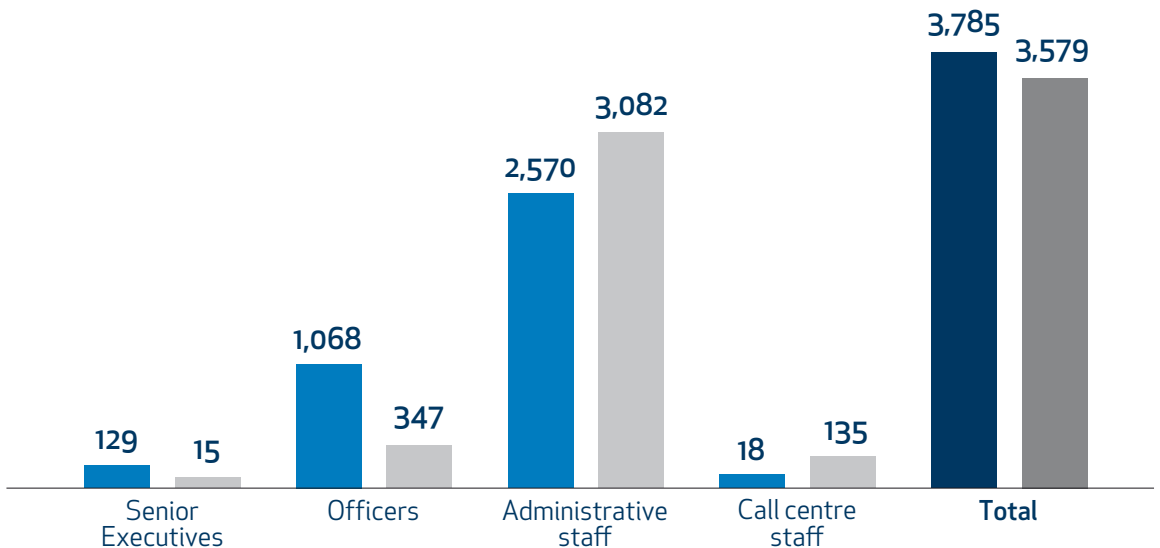
23%



Graph 5.4 Job level by gender

Source: Human Resources and Organization Department

- Men
- Women

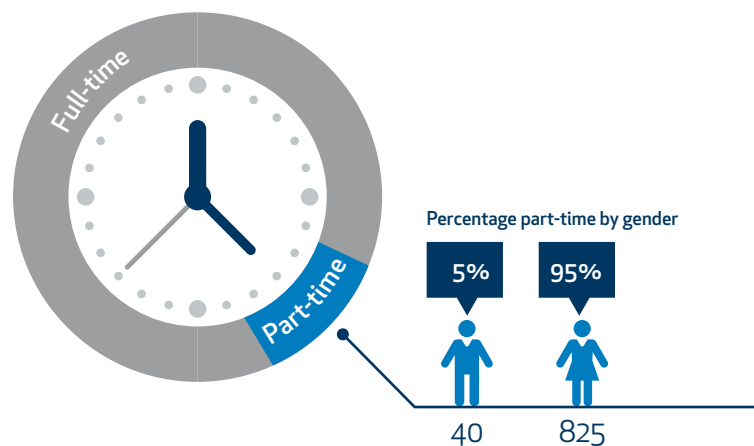




The percentage of Company workers who have switched to a part-time contract amounts to 12%, 95% of which women. Among these employees, the majority are administrative staff (83%), followed by call centre staff (16%).

Graph 5.5 Personnel by type of contract

Source: Human Resources and Organization Department



As regards recognising the value of gender diversity, in compliance with the “Charter for Equal Opportunities and Equality at Work”, thanks to which the attention and commitment to recognise the value of diversity has risen over the past years, UnipolSai has developed a number of promotion and awareness-raising actions, often launched with the support and involvement of the Corporate Equal Opportunity Committee and thanks to the meetings of Ania’s National Joint Committee for Equal Opportunities in the Insurance Sector. Specifically, 2014 featured the renewal of the training and laboratory project “Parenting: maternity and paternity as an organisational excellence factor for real work-life balance”, aimed at giving an effective response to the profound change that involved UnipolSai. For this purpose, the training programmes on equal opportunities, empowerment and recognising the value of gender diversity, which had been carried out in the past and in which the Company had significantly invested, were renewed. In particular, due to the attention given to new generations and to the non-discrimination of women, the training programme raised participants’ awareness – within the context of parenting management – about the need to deeply think about developing new behaviour patterns in the relational approach and management of long absences, as well as investment strategies concerning female talents and organisational well-being.

With regard to **disabilities**, three separate training courses were set up: the first for managers working with hearing-impaired staff; the second for visually impaired operators; lastly, a pilot project for employees with urgent and serious disabilities.

Furthermore, in order to further help colleagues with disabilities in carrying out their tasks, a structured and formalised management system is being constantly improved, which involves the company departments interested from time to time depending on the prevailing business: from IT Services to Real Estate, Safety and Training. All the departments involved, thanks to the coordination of Human Resource Management, work side by side to facilitate work activities, from when a need is expressed to its actual solving.

Particular attention was paid to the gradual introduction of persons with disabilities. At the end of 2014, 382 disabled workers and 66 workers classified as protected categories were employed by UnipolSai, accounting for 7% of the total workforce. For their recruitment, the Company entered into special agreements with the competent

authorities so that the jobs reserved for disabled persons could be filled in gradually; the tasks entrusted to the disabled workers and how they could be carried out were also determined, together with forms of support, counselling and tutoring.

5.4.5 Personal recognition and internal growth

As part of the projects for recognising personal value and enhancing growth, the mapping of UnipolSai's professional skills continued. In this context, in order to allow accurate internal mobility programming, the activity for revising and updating the Model of Professional Families continued throughout 2014. The updated model comprises 17 Families (instead of the previous 15), in which Occupations and Work Processes were identified (both not included in the old Model), allowing a more timely and detailed mapping of the skills and specialised knowledge required to cover the various positions in UnipolSai and in the Group.

In particular, the tools and set of skills needed for each position were defined more accurately, on the basis of which even the intensity of the skills expected for the specific professional families was identified. The work carried out aimed at planning not only the training interventions designed to bridge any gaps between the skills and knowledge requested for the position and the skills and knowledge actually held by individuals, but also to plan and implement professional requalification processes in an effective manner.

The new model is used to direct specialised training in situations where there is the organisational need to professionally retrain persons in areas other than those they belong to.

Training

Once again in 2014, the Group invested important and significant resources, not only in economic terms, in the development of the skills and expertise available in UnipolSai's workforces. Strengthening skills and the acquisition and updating of professional capabilities are the key tools used by the Company to achieve its objective and operate in a constantly evolving market with increasingly up-to-date professional skills.

In 2014, with regard to training activities for employees – both classroom-based and distance – UnipolSai invested over €1.5m which were used to organise over 92 thousand man-hours of training. 48% of these hours were devoted to involving female employees. Eight thousand employees took part in the training courses, including e-learning training, with an average of 13 hours per employee.

Investment
in training

over
€1.5m



92,000
Man/hours



The **technical-specialist** field is the first training area by commitment and number of participants, focusing on projects designed to support strategic corporate decisions and professional requalification programmes. Among these, of interest are the training activities intended to disseminate awareness of the functions of the new claims system, "Liquido", and the training activities designed to support the roll out of the IT systems and the diffusion and implementation of common information systems.

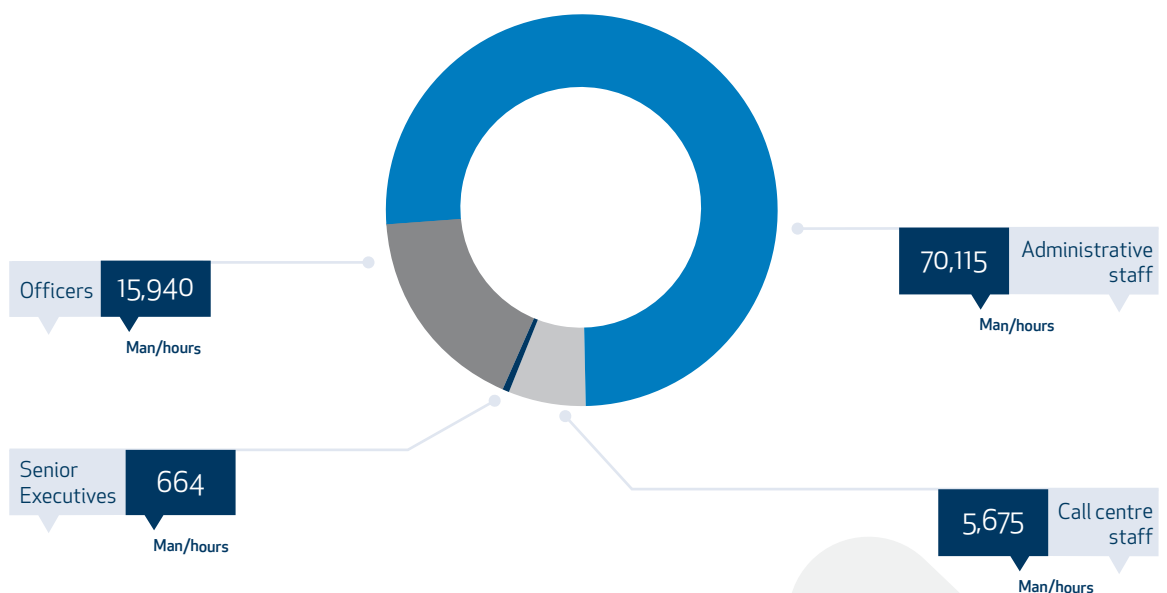
Equal priority was also given to the **regulatory area**, which included the activities related to the entry into force of the "Foreign Account Tax Compliance Act" Directive (FATCA), Privacy regulations and the prevention of insurance fraud.

The investment aimed at strengthening system and process integration within the new scope of company activities were also of significant interest. Of note among the key IT training projects were the targeted training to expand awareness (also in terms of functions, not only of technical usability) of the Essig, SAP, SAS and AHD management systems and basic IT training.

Attention was placed on the training of officers, to foster and promote the adjustment to the profound organisational changes of 2014. The 1,415 officers attended almost 16,000 training hours, an average of almost 11 hours each.

Graph 5.6 Training delivered by job-level category

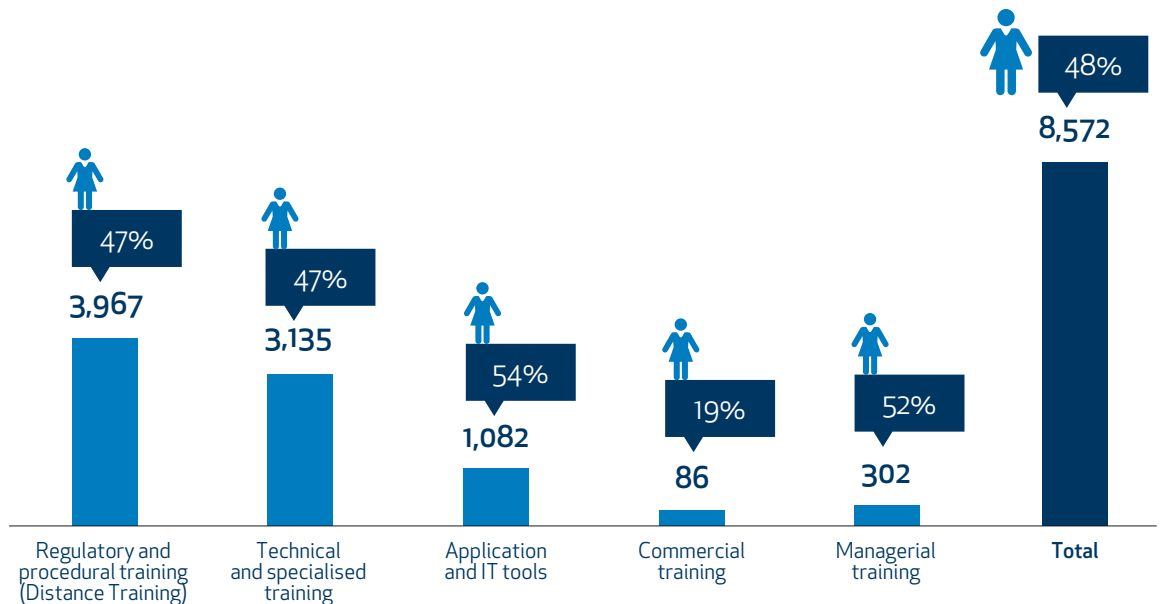
Source: Human Resources and Organization Department





Graph 5.7 Participants by educational area

Source: Human Resources and Organizational Department

 women


Remuneration systems and bonus schemes

Unipol Group's remuneration policy aims at ensuring equal remuneration, suited to the position filled, to the responsibility, to the level of professional expertise and individual abilities, in compliance with the legal and regulatory provisions and in keeping with the needs of sustainable performance.

The key principles for determining remuneration are:

- a sound and prudent risk management policy, in line with the strategic objectives, profitability and balancing of the Company and of the Group in the long term, avoiding remuneration policies based exclusively or primarily on short term results, such as to encourage excessive risk exposure;
- internal equity, so that remuneration is consistent with the position held and the related responsibilities, with the role entrusted, with the experience gained, the skills, the abilities demonstrated and with the performance expressed;
- meritocracy, in order to reward the results achieved and the behaviour directed towards their attainment;
- comparison with the reference markets, in order to develop competitive compensation packages, by seizing on the trends, guidelines and best practices for supporting healthy competition in a fair and effective manner;
- the level of risk control, in order to base the remuneration policy on sound and prudent risk management in line with IVASS Regulation requirements.

In addition to a fixed economic base, envisaged by sector Collective Agreements, by Supplementary Company Agreements and by any other bilateral agreements, and determined according to the job level and seniority of service, the Group, consistent with its principles, determines the allocation of **economic integrations**, consolidating them in time.

The **variable remuneration component** has two primary aims:

- awarding the **results** achieved in the short and medium-long term, expressed not only in the form of economic revenues but also in the form of attention to risk and qualitative performance;
- developing **professional skills** by implementing an effective retention policy.



The variable remuneration component is recognised by setting up appropriate bonus schemes for personnel who, at different company level, carry out an activity that can have a significant impact on the risk profile of the company and of all senior executive staff, and that aims at developing a culture of sustainable performance that correlates the Company results with individual performance. An appropriate balance between fixed and variable remuneration is determined by the principles mentioned above and is based mainly on criteria of sustainability over time, for the purpose of preventing that giving excessive importance to the variable component, especially if short-term, could weaken the attention paid to the need to guarantee the medium-long term results.

In 2014, specific bonus schemes were set up within UnipolSai for the following areas:

- Sales Department;
- Claims Department;
- Finance Department;
- Non-Life Department;
- Life Department.

Bonus schemes based on specific targets for staff throughout the Group other than Senior Executives identified 2,617 potential employees, equal to 36% of UnipolSai workforce.

5.5 Disputes

In 2014, in line with the process of organizational review, the Company strengthened its focus on employee relationship management according to a structured, formal and transparent approach, and at the same time geared towards the compliance with rules.

Only 1% of the total workforce initiated a dispute, as a result of this approach.

In particular, the number of labour disputes - taking into account all of the judgments, both those pending from previous years and those initiated in the reporting year - shows that the main reasons for legal action brought forward by staff include cases of appeal against dismissal / reinstatement in the workplace, a number of requests for the payment of alleged unpaid remuneration or not paid to the extent considered appropriate, as well as actions taken by the Company to protect its reasons regarding amounts due from employees, typically resulting from damage caused by unlawful behaviour or sentencing of the employee to the payment of court fees in labour disputes, and de-skilling.

In numerical terms, there were 134 cases overall, 85% of which relating to lawsuits pending from previous years.



6.1 Customer relations

UnipolSai is the leading insurance group in the Non-Life sector in Italy. As a result, its policies and the tools it decides to use not only determine the relations it holds with its customers, but affect the entire insurance market.

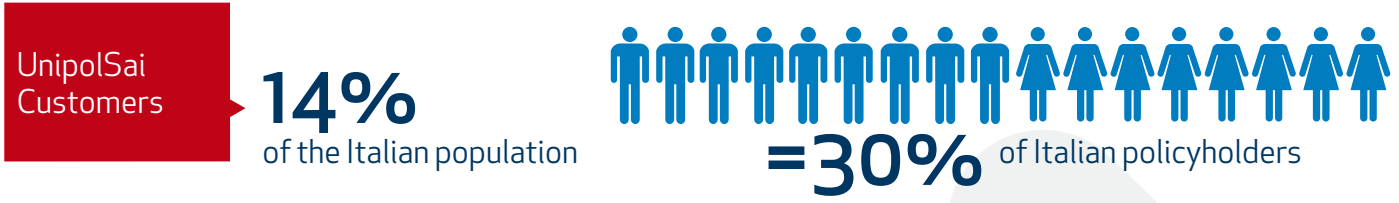
The relations the new Company holds with its customer are designed primarily to provide and guarantee services throughout the entire relationship: Starting from the products it defines, UnipolSai, also through its agents, seeks to be for its customers a trustworthy partner, a consultant and a subject that can tend to customer needs and identify innovative solutions. The most important moment in which service capabilities are measured is, in the event of a claim, the settlement process. This is also why the Company has invested in the organisation of a complete claims management service that can best meet customers' needs by reducing costs and the risk of litigation, organising the entire sector and offering, in this case also, additional service features.

In order to improve the service, an approach based on the use of a variety of channels was developed. The use of a variety of channels is the key to integrating the various customer-relations channels, attributing to the agent a primary role in the policy purchasing process but at the same time developing various methods and procedures for providing information that customers need in order to fulfil their requirements.

Commercial considerations were behind the decision to separate the networks belonging to the Companies that merged into UnipolSai, thus maintaining the original signs according to rational customer segmentation by divisions that represent the Companies' specific paths and history.

Overall, a decline in UnipolSai customers was reported - which still amounted to around 9.6 million¹ - partly due to the market environment and partly to increased mobility, especially the MV segment where customers were increasingly more willing to change Company given the wide range of offers on the market. The decline in the Non-Life sector was partly offset by the growth in the Life sector, stimulated by the performance of government securities.

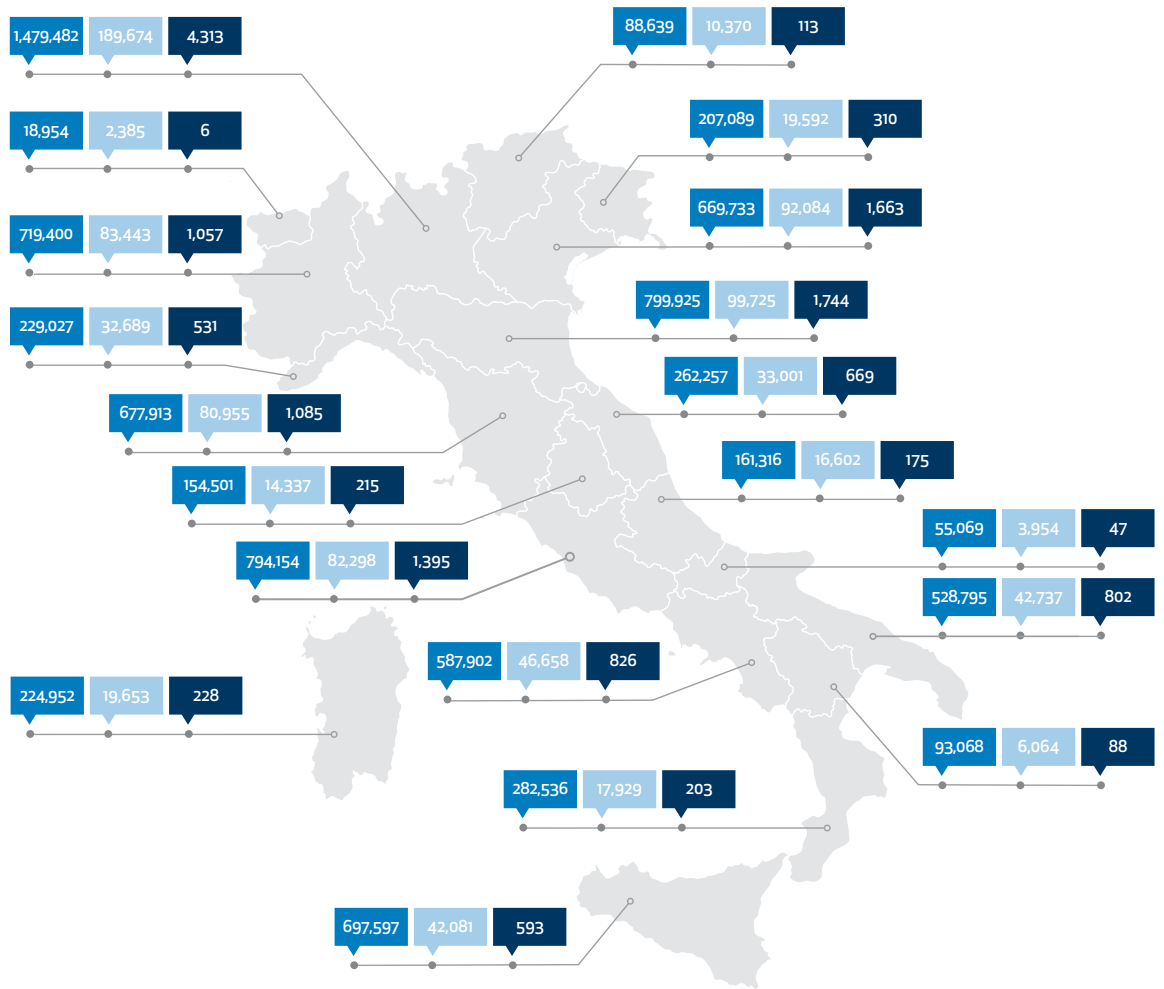
1- The number of customers does not include customers covered by collective Life policies.



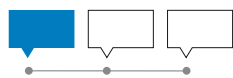
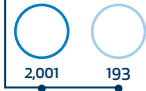


Graph 6.1 Customers by type and Region

General Insurance Office - Sales Department



Not classified geographically



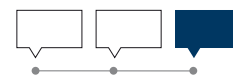
Individuals

Total 8,734,310



Legal entities (SMEs)

Total 936,424



Corporate Customers

Total 16,063



6.1.1 Individuals and households

UnipolSai customers confirmed their very high loyalty: almost 40% have been with the company for more than 15 years and 35% from 6 to 15 years. Overall, three quarters of customers stabilise the relationship around the sixth year, turning into a “long-term relationship”, whereas 15% change company within the second year.

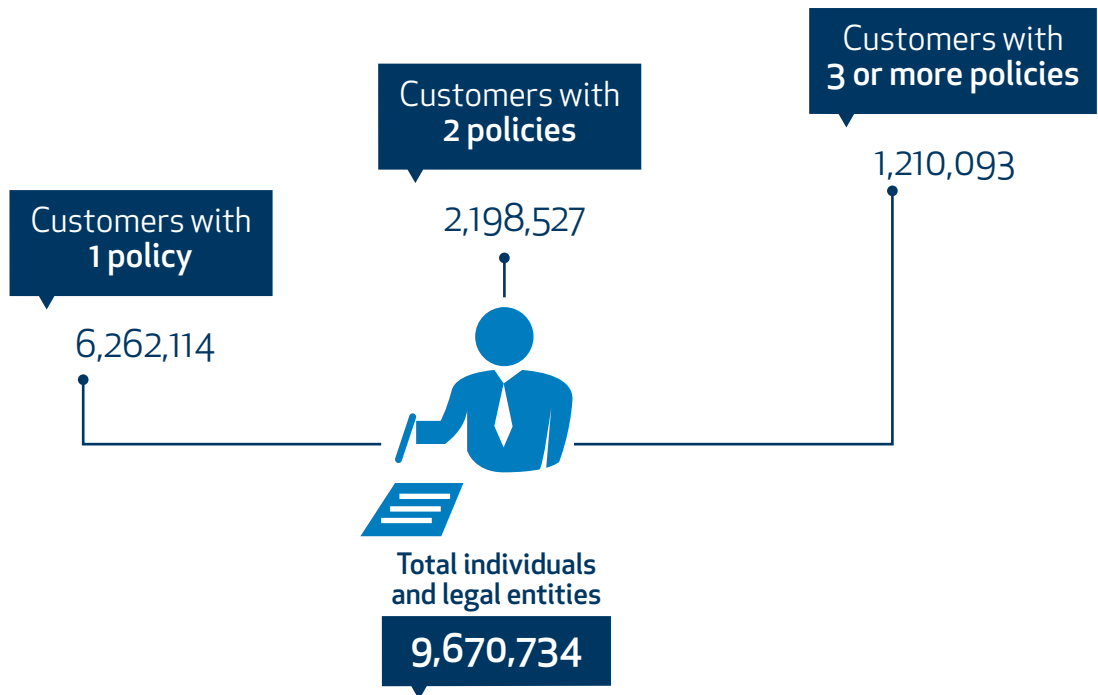
63% of UnipolSai customers were men, confirming the prevalence of men in all age bands. Customer analysis by age band, showed that about a quarter of individuals were aged between 45 to 54 years, while the highest concentration was reported among customers over 64 years of age, accounting for 26%, up by two percentage points compared to the previous year on a like-for-like basis. The younger age bands (up to 34 years of age) accounted for 10%. Distribution by occupation, in line with personal data, showed an increase in the share of pensioners and confirmed the prevalence of employees (43%), followed by other categories (pensioners 25%, self-employed and liberal professions 14%, housewives 7% and teachers 5%).

As shown in Graphic 6.2, UnipolSai confirmed itself as a single partner offering a range of products covering all customers’ requirements. 35% of UnipolSai customers had more than one policy. The distribution of the number of policies held by each customer tended to vary due to changes in the behaviour of increasingly more mobile and informed customers, and to the restructuring of offers that were increasingly oriented towards single products comprising more than one guarantee and thus leading to the natural increase in customers holding just one policy.

Nevertheless, the cross selling index (1.82), calculated as the ratio between the total number of customers and the overall number of policies (individual Non-Life and Life), showed an improvement supported by the increase in the new Life class products.

Graph 6.2 Cross selling

Source: General Insurance Office - Sales Department





6.1.2 Businesses

Corporate customers were defined based on turnover (above €50m) or on the number of employees (more than 200) and covered all Non-Life classes according to the insurance needs of these types of businesses. The presence of so-called "Large Customers" was particularly important, associated with the world of cooperation and medium-large manufacturing businesses.

UnipolSai, through the use of specialised consultants, was able to offer these customers a consultancy service for analysing all possible business risks, evaluating the measures to be implemented to reduce them, examining the policies in place and providing an objective analysis of any additions with appropriate and customised solutions. The Company also provided specific settlement methods and processes for offering solutions that were more in keeping with the needs and characteristics of large businesses.

At the end of 2014, the Company's corporate portfolio exceeded 16 thousand customers and premium collection totalled €275,631,370 reached through 40,886 policies.

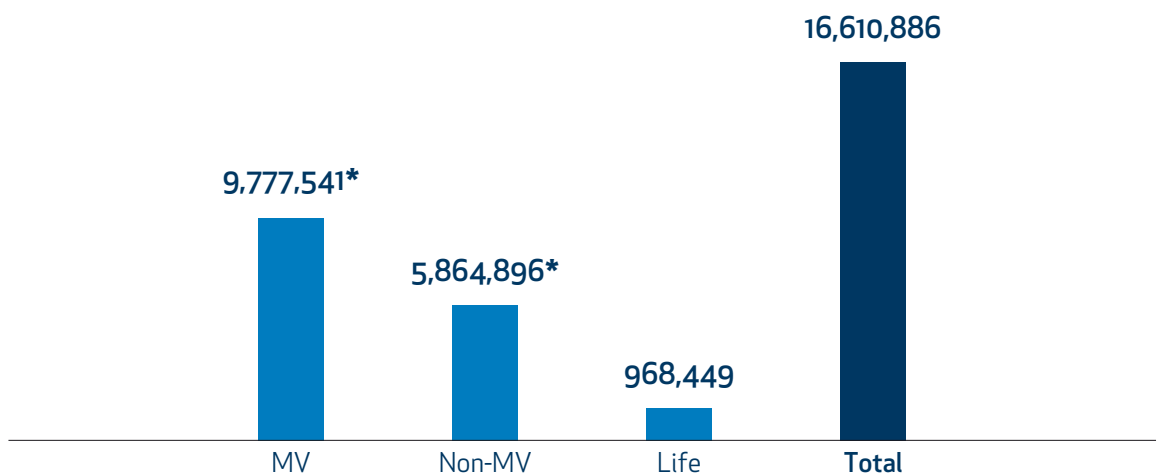
During the year, on the one hand customers with higher turnover were added, while on the other hand, as part of the co-insurance policies, there was a slight increase in the insurance policies held by UnipolSai on behalf of third parties.

Comparison between 2014 and 2013 also showed a decline in the number of customers due to the significant reduction in the Transport Class following the current crisis in the sector, while it showed stable figures in the other sectors. In terms of products, the sale of General TPL and Contractor's All Risks increased.

The size of the UnipolSai portfolio as at 31 December 2014 is reported in the following table:

Graph 6.3 Number of policies by lines of business

Source: General Insurance Office - Sales Department



*The total Non-MV figure is the sum of the figures by customer segment and of the Bonds policies, while the total MV represents the MV TPL portfolio.



Table 6.1 Number of Non-Life Non-MV Policies by types of customer

Source: General Insurance Office - Sales Department

	2014
Number of Non-Life Non-MV Policies by Individual Customers	4,497,164
Number of Non-Life Non-MV Policies by SME Customers	1,068,271
Number of Non-Life Non-MV Policies by Corporate Customers	40,886
Total	5,606,321

The figure does not consider Bonds policies and the number of policies by customer segment.

6.1.3 Agreements

Member Organisations

The relationship with the world of work is mainly entrusted to the relations with Member Organisations which are the main organisations of employees (CGIL, CISL and UIL confederal trade unions), the self-employed and small and medium-sized enterprises (CNA, Confesercenti and CIA) and cooperatives (Legacoop). This relationship is developed particularly through their participation in **Unipol Regional Councils (URC)** and by entering into specific agreements, which represent a specific relational model focusing on the aggregation of demand by the members. URCs are composed of regional representatives of Member Organisations and meet regularly with UnipolSai managers locally, to discuss issues of common interest. To allow URCs to play a leading role in the relationship with the Company, an institutional meeting is held annually with Top Management, during which the business guidelines are discussed and shared.

Following the change in size after UnipolSai's creation, it became necessary to redefine the coordination and representation tools for the SME and cooperative segment (Rete Imprese Italia and Alleanza delle Cooperative). More specifically, during 2014, the URC structure extended its activity to organisations that were not traditionally part of the Unipol Regional Councils, such as Confcommercio, Confagricoltura and Confcooperative. For these Organisations, as well as for Confindustria, the URC structure launched an activity regarding the proposal of general agreements, on the lines of those already tested throughout many years of business.

The activity developed by the URC organisations in 2014 mainly concerned issues of welfare, natural disasters and legality. Together with the single organisations, especially at local level, efforts were made to develop common initiatives for spreading national Agreements. From this joint work, among other things, the need to deeply re-examine agreements arose, regarded as a key feature for the relationship between the Company and the world of employment, SMEs and cooperatives.

Agreements, of various types, have always been one of the main ways to enhance the relationship with Member Organisations, both in terms of the products and services offered at special conditions, and in response to specific needs.





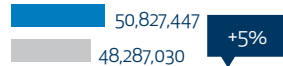
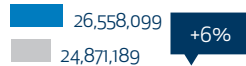
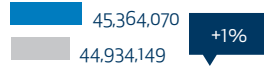
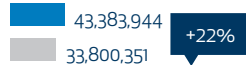
Graph 6.4 Amount of premiums from agreements

Source: General Insurance Office - Sales Department

Amounts in €

2014

2013

CGIL**CISL****UIL****CNA****CIA****CONFESERCENTI****LEGACOOP****OTHER AGREEMENTS****Total Member Organisations**

At the end of 2014, the premiums from National Agreements with Member Organisations exceeded €1bn with an increase of almost 13%. This increase was mainly connected to the performance in premiums from CIA and Legacoop, followed by CISL and UIL.

Overall, the amount of premiums collected with member organisations accounted for 9.5%.

Alongside these Agreements, further €5m in premiums were collected for Collective memberships through agreements signed by Civil Society Organisations.



Workplace Agreements

Workplace agreements aim at offering favourable solutions in terms of products/tariffs, services, distribution and communication. The range of offers includes specific MV TPL proposals, discounts or facilitations on General Classes products and Life products.

Workplace agreements are proposed by agencies and are addressed to current or former employees of public/private companies or bodies, at local or national level. Family members are also included among the recipients. The companies or bodies to which an Agreement may be proposed must have minimum 50 employees. The premiums from workplace policies reached a total of more than €650m on 31 December 2014.

6.2 Innovation and a distinctive range of products

6.2.1 Products and services with high social and environmental value

In order to respond adequately to new needs expressed by customers and/or the market and, at the same time, to strongly promote the adoption of new virtuous conduct in citizens in terms of protection and prevention, UnipolSai developed and offered a number of products that were particularly valid in social and/or environmental terms. The Company played a social role as insurance company by integrating and enhancing the intrinsic social value of its products, with a view to protecting the safety of people and their property, safeguarding savings and promoting sustainable and balanced development for the local area.

In order to promote a range of products in response to people's actual needs and focusing on the promotion of improved well-being, social cohesion and security, UnipolSai was particularly involved in finding answers to the loss of consumers' purchasing power, especially when due to the loss of employment.

Regarding the **"Non-Life" business**, once again in 2014, the Company gave special attention to safeguarding purchasing power, by giving the option to pay motor policies in instalments, without any increase in the overall price of the premium. In the **MV TPL** policies, at the end of 2014, the number of subscriptions to the **zero interest rate** instalments amounted to 640 thousand for a value of over €300m.

During 2014, the option to pay the premium in monthly instalments without additional costs for the customer, thus making the premium less burdensome for policyholders, was also extended to other general classes for a total of 138 thousand policies taken out at the end of 2014 totalling around €24m.

Monthly instalments were also proposed for other **SMART** products, i.e. coverage and minimum guarantees at reasonable costs, dedicated to Accidents and the Home. Thanks to this formula, customers may personalise the services to be included in the product on the basis of their needs, choosing the combination of guarantees they consider more suitable, achieving best value for money and obtaining a clear, simple and transparent product.

Furthermore, in 2014, the option to add the **SalvaPremio** and **SalvaBenessere guarantees** to the policies was maintained. The former is applicable to **MV TPL** policies and can be used in the case of events that make it difficult for the policyholder to pay the policy, guaranteeing compensation equal to the most recent gross annual premium paid. The latter can be used for house-insurance policies and guarantees compensation in order to meet household expenses (bills, loan instalments, rent, condominium expenses, etc.) if the policyholder becomes unemployed, even temporarily.

As part of the guarantees related to reducing, preventing and managing climate change and natural disasters, UnipolSai proposed the Photovoltaic guarantee to stimulate conduct directed towards reducing climate-changing emissions.



In 2014, through the **Earthquake guarantee**, offered to Businesses and individuals (UnipolSai Casa and UnipolSai Condominio product), the Company renewed the tariffs for insuring property against the risks arising from natural disasters, especially thanks to the investment in technological innovation. The development and adoption of software to analyse major catastrophic risk at world level enabled the Company to better consider the risk and, therefore, to introduce, for 80% of the Italian territory and according to the different construction requirements of buildings, a significant reduction in rates (greater than 50% for over 65% of Italian municipalities) which are the basis of the calculation of the tariffs. This significant saving allows customers to protect their property in a simple but effective manner in the event of an earthquake with the aim to compensate the actual damage suffered by the owners of the property (houses, businesses premises). In addition to the tariff, the service also provides further benefits both during the contract marketing, signing and management phase and during the damage assessment and settlement phase. For the former, significant risk assessment skills are developed by the network, while for the latter, UnipolSai may count on consolidated relations with the group of experts and settlement networks.

The support provided to the local entrepreneurial fabric is based on products offering specific forms of compensation for independent professionals and small businesses (UnipolSai Impresa, UnipolSai Commercio and UnipolSai Attività SMART products).

Overall, the premiums collected with Non-Life Business products or services seeking to achieve environmental and social benefits as at 31 December 2014 amounted to €524m, for a total of 992 thousand policies, accounting for 6.4% of Non-Life Business.

Regarding the **Life sector**, following an in-depth examination of customers'/citizens' new needs and conduct, UnipolSai provided the TCM guarantee at a reasonable cost. This guarantee offers economic support and a peaceful future to beneficiaries who do not necessarily belong to the family unit, in the event of premature death. The advantage of **TCM Smart** is that it splits the payment of the premiums at zero interest rate and provides beneficiaries with a capital allowing them to keep the same standard of living, cover any expenditure commitments (mortgages, loans, etc.) and achieve their life plans. This amount collected in 2014 totalled €1,387,044.

Protecting the life plans of loved ones was central to another product, **UnipolSai Risparmio Giovane**, which totalled €6,140,970 in 2014 and guarantees economic support and completion of the saving plan even in the event of death or serious illness of the family member paying the policy.

Again as part of the Life insurances, UnipolSai offered solutions in the event of lack of self-sufficiency thanks to the support and safety of a monthly income. With **UnipolSai Autonomia** (premiums in 2014 totalled €334,438), policyholders who are not self-sufficient, i.e. individuals who following an illness, accident or due to old age are no longer able to perform some of the simple gestures of everyday life independently, may rely on a lifelong monthly income with which they may guarantee for themselves or for their loved ones ongoing assistance over time, such as periods of residence in old people's homes and hospitalisation in nursing homes or healthcare institutions. In addition to being a product designed for disadvantaged people, an additional benefit is both the low cost of the premium (€90 is the minimum value of the annual premium) thus allowing an extremely important form of protection, and the possibility to split the premium into instalments without interest.

Of note were also the Agreements signed with the shareholders and cooperatives of "Libera. Associations, names and numbers against the Mafia" which allowed, in areas considered at high risk of claims, the application of facilitations in products relating to the following areas: Mobility, Home, Accidents, Health, Trade, Agriculture, Investment, Pension and Saving.

UnipolSai Assicurazioni was also the first Company in Italy to certify the compliance with transparency, fairness and value of Life insurance products. All the products of the investment range were the focus of an experimental certification process that involved third-party assessment of compliance with a technical specification: The Life Product Manual according to Unipol Values. The certification body, Bureau Veritas, checked compliance with



6

transparency, fairness and product value by way of requisites and indicators running along the entire process, ranging from identification of needs to after-sales management. The manual seeks to constantly monitor transparent organisational practices traced in every phase, the balance between meeting the interests of the final customer, the Company and the community, and the characteristics of social and environmental sustainability of the investment; it also aims to promote simple and transparent communication allowing customers to make informed choices. This project, in a context of profound change in the welfare system and of deep mistrust towards the banking and insurance sector, intended to stimulate thought and practices of change within the sector.

Certification of Life investment products



Bureau Veritas verified the compliance of the product specifications created by UnipolSai in order to guarantee the customers with Fairness, Transparency and Value

Incidence of products with a high social and environmental value

5%
equal to €605m in premiums



6.2.2 Supplementary pensions and Pension Funds

UnipolSai held a leading position in the segment of Supplementary Pension Schemes, both in terms of assets managed and number of members. For UnipolSai, its presence in this area was a strategic tool for promoting sustainable and ethical economy through which to deliver its values of social responsibility. The Company was present in all supplementary pension schemes dedicated both to employees and non-employees, managing total assets of over **€10bn**.

Total assets managed in all supplementary pension schemes

€10bn





The Occupational Funds in which UnipolSai operated were divided into **Occupational Pension Funds and Pre-Existing Pension Funds**. In the former, UnipolSai Assicurazioni managed 13 funds one of which acquired recently with total assets of approximately €3,854m. The number of members who joined these funds amounted to 310,000. In the **Pre-existing pension funds** UnipolSai Assicurazioni managed 66 funds, with 87,641 members and total assets managed amounting to €5,326m.

With reference to the Funds set up by the Company, two supplementary pension schemes were offered to customers: **Open-Ended Pension Funds** and **Personal Pension Schemes (PIP)**. With regard to Personal Pension Schemes, UnipolSai Assicurazioni had 5 existing pension plans pursuant to Art. 13, paragraph 1 of Italian Legislative Decree 252/05. They are personal, insurance-type pension plans, that is, personal pension schemes implemented through life insurance contracts, operating according to a defined contribution plan (the amount of the pension benefit is determined by the contributions made and their yields). The resources of the supplementary pension schemes implemented through life insurance contracts set up by UnipolSai Assicurazioni, represent separate and independent assets within the Company. UnipolSai Assicurazioni's **Personal Pension Plans** had approximately 62,069 members and total funds of €454m. In turn, **Open-Ended Pension Funds** had approximately 43,000 members in the six Company funds, with total assets of €737m.

6.3 The service

6.3.1 Claims handling

Strategy and structure

Claims handling is a critical step in which the customer interfaces with the Company and assesses its fairness, efficiency and quality. For this reason, UnipolSai committed itself to developing innovative processes, thanks to the investment in new technologies, but also through the reorganisation of the settlement process and, over the past year, also of the production model.

UnipolSai is currently involved in the following activities: development of projects for integrating the settlement networks, designed to improve the efficiency of the settlement processes, and strengthening of the methods of service to customers and relations with the agency network.

Regarding the **settlement processes**, a technological model was developed allowing real-time use of the reconstructive claim details generated from the **"black box"**. Unipol has invested in this technology since 2005, achieving 2 million devices installed on 3 million in circulation in our country. The leadership in Italy thanks to the **"Black Box"** offer is an opportunity for the Company to improve customer service by providing roadside assistance in real time through a dedicated call centre, thus speeding up settlement, limiting settlement-related disputes and strengthening the prevention of fraud.

Among the innovative features of **electronic settlement**, of special note is the possibility to anticipate the investigation phase by acquiring information useful for accurately reconstructing the dynamics of the accident, thus reducing investigations only to cases in which the information provided by the box does not correspond to the information provided by the injured party.

Use of the **"black box"** data was also recently enhanced with regard to **"Direct Compensation"**, thanks to the possibility of using the data, no longer only for denial of the event by the insured party in the event that he/she was involved unfairly and should wish to dismiss the charge, but also and especially for determining responsibility, thus strengthening the overall protection of our insured parties in all circumstances.



Again with the aim of improving customer service, the **Medical Booking Centre (CPM)** was extended and implemented. The CPM is the reservation centre that allows coordination between the specialist physician and the damaged party in order to plan the medical examination to be carried out at a surgery for the timely evaluation of the physical damage suffered by the customer. The benefits of the service involve all stakeholders in the process thus reducing settlement time, encouraging direct contact with the damaged party and avoiding unnecessary and costly intermediation.

With a view to improving the claims handling service provided to the Customer, **the new IT claims system “Liquido”** was set up, which allowed significant process specialisation and diversification, accurate collection of data and claim variables, sharing of information among the players involved in the settlement process, and detailed reporting so that the adjusters may carry out their activity in a smoother and more dynamic and effective manner. A further distinctive feature of Liquido is the integration with other internal and external systems (accounting, ANIA, trustees portal and many more), allowing each individual claim to be profiled and to incorporate information from the portfolio on various levels of aggregation with gradually increasing detail.

The introduction of the new claims system had a positive impact on all main organisation processes underlying claims generation, management and handling. Specifically, it offered benefits with regard to operations in terms of accurate monitoring of the claim-related activities to be carried out, and allowed immediate understanding of the overall status of the procedure.

Lastly, a new anti-fraud management model was designed and implemented in the system which by monitoring all claim variables (dynamics, damage, Customer/damaged party, context), identified fraudulent conduct of damaged parties, trustees and suppliers in a more accurate and certain manner.

Overall, the implementation of more careful, accurate and timely claim payment terms led to wide-ranging systemic benefits which took shape, for example, in the adjustment of tariffs in favour of the customer.

In 2014, UnipolSai continued to strengthen the **customer-insurance relationship** by monitoring the specialised companies on which the Company had invested significantly over the past years to provide a wide and effective **after sales service** in an increasingly competitive market characterised by strong price competition. Within this context, with the aim of maximising direct control over the entire claim handling sector, the Company used an **innovative management model entailing the purchase and logistics management of spare parts**, thereby controlling procurement in a timely manner, which allowed repairs to be internalised. In view of the impact of the cost of spare parts on claim compensation and economies of scale achievable by the centralised management of these purchases, economic benefits and competitive advantages in the **MV TPL** segment may be achieved.

In particular, through **Auto Presto & Bene**, the purchase of spare parts may be handled in a centralised manner, ensuring a quality intervention and at the same time maximising efficiency, but also further strengthening the relationship with authorised repair shops. In fact, the repair shops managed with the Auto Presto & Bene model are selected according to strict quality criteria using tools for supervising and controlling all vehicle repair activities. Overall, compensation in the form of repairs directly managed by the Company amounted to 25.6% of total compensation, reporting an increase of 3% in a year and demonstrating the commitment to innovate customer services both in terms of content and form of use.

Auto Presto & Bene takes on a strategic role in this scenario, since the Company is dedicated to paying compensation to customers in a specific form, directly repairing the damaged vehicle and guaranteeing the repair for 10 years.

Moreover, thanks to the **My Glass** network, specialising in the repair and replacement of vehicle glass, not only is a direct service provided to UnipolSai policyholders, but a more equitable relationship between producers and customers is guaranteed, offering an alternative to the extremely concentrated market offer.



An emblematic example of the after-sales oriented approach is provided by the **UnipolSai Services Centre**, which is the first example of direct control of the entire claim management sector. Customer satisfaction is at the centre of various activities, which are no longer limited to settling the damage, but accompany the customer from the moment of the claim, according to his/her preference, up to solving all the problems related to the repair and return of the vehicle. At the end of 2014, the percentage of claims settled and repaired in the Unipol Services Centre of Bologna amounted to 11.2% out of the total amount settled in the province of Bologna.

Settlement activities made use of diversified structures depending on the type of claim: Call Centre, 136 local settlement centres and specific centralised structures.

In 2014, the Claims Department managed 1,673,808 claims reported during the year (of which approximately 77% already settled) in addition to 735,757 claims from previous years (of which over 58% already settled).

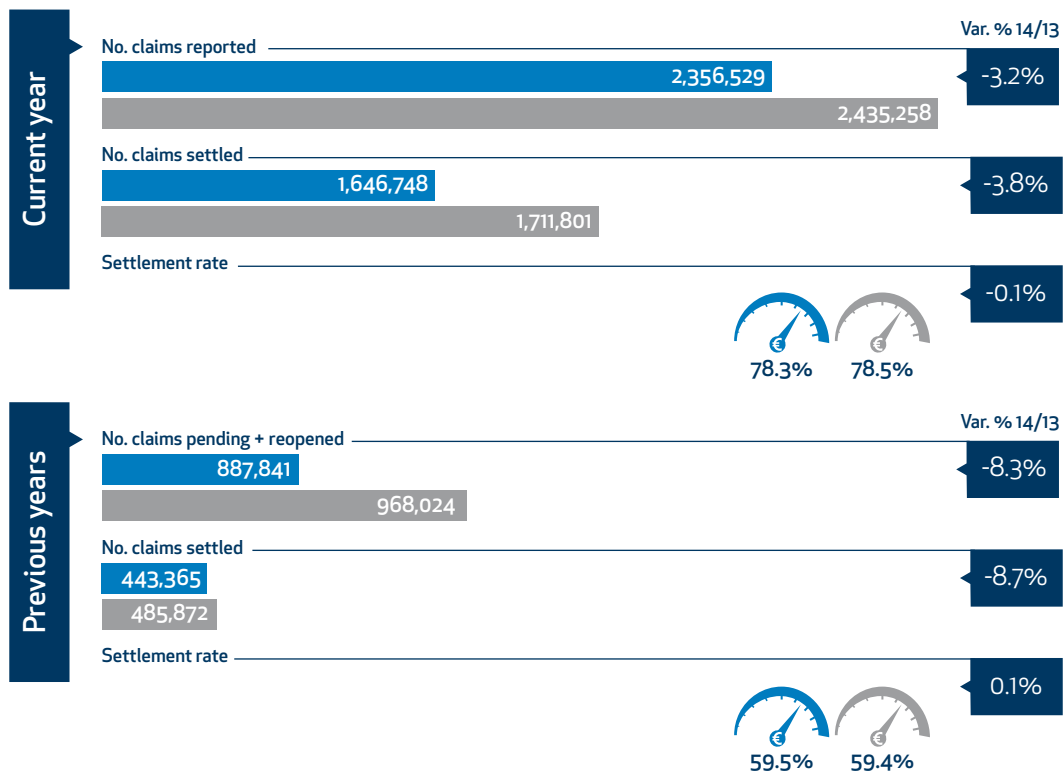
2 - Settlement rate means the ratio between the claims settled and claims to be settled (net of claims closed without follow-up).

Settlement performance

There was a drop in the total number of claims reported in 2014 while the settlement rate² was basically stable, as in the previous two years.

Graph 6.5 Non-Life claims-handling figures

Source: Management Control Department



Data refer to claims managed by UnipolSai Assicurazioni S.p.A. and include all the claims related particularly to the Health (for Unipol) and Assistance (for both Divisions) business whose management is entrusted to specialised Group companies or to external providers. Management of claims handled by others or Debtor Card management are excluded. The 2013 figure upon which the variations are calculated was reconstructed on a pro forma basis by combining the single Unipol and former Fonsai Divisions and by applying accordingly the scope of claims managed by the Claims Department in 2014.



During the year a total of 2,356,529 claims were reported, compared with 2,435,258 in 2013 (approximately 3% fewer); 1,646,748 claims were settled (almost 4% fewer). The settlement rate (78.3%) was practically stable (-0.1%).

At the same time, 887,841 claims were reported during previous years, of which over 59% were settled during the year.

Settlement performance was also influenced by the activity of other individuals who, given their work, were involved in the final outcome: experts, physicians and adjusters. UnipolSai decided to enter into agreements throughout the local areas thus creating a fiduciary network composed of 1,321 experts, 496 medical experts, 335 investigators, 1,746 lawyers and 3,200 approved repair shops, 1,718 of which with a new contract (for the remaining repair shops, the new contract will be formalised during 2015).

Tools for dialogue have been set up over the years with the entire fiduciary network which promote updating and constant alignment with the Company, against specific criteria coded for the selection of operators. Relations with medical experts are handled by organising individual meetings on a yearly basis during which feedback is provided on their work. Based on the verifications carried out, a premium is paid during the subsequent year based on the quality of the medical services provided. Regarding vehicle experts, relations are held by way of a specific website, in addition to individual and group meetings on specific issues.

Non-Life disputes

UnipolSai aims to avoid, as much as possible, recourse to the judicial authority when claim management disputes arise. The approach to dispute management is based, in fact, on safeguarding the customer's interest, preferring negotiation solutions in order to avoid, where possible, costly lengthening of dispute management time and of related costs charged to customers.

For this reason, the company is committed to meeting the deadlines imposed by legislation in force on the handling and settlement of claims, basing customer relations on fairness and transparency, and to providing information and tools to stakeholders to help them understand the positions taken by the company and the reasons behind them. Recourse to judicial proceedings mainly occurs in the event of evident attempt to speculate, of unjustified and excessive demands for compensation, of attempted fraud and other fraudulent conduct.

At 31 December 2014, the total dispute amount relating to all UnipolSai claims for the years, also including those prior to the current one amounted to €4.8bn.

6.3.2 Anti-fraud measures

UnipolSai S.p.A. considers the prevention and fight against fraud an integral and essential aspect of its core business. As a result, the Anti-fraud activity - by virtue of the organisational model currently adopted - runs across the entire business process from the underwriting phase to the settlement phase and involves all related facilities affected.

During 2014, UnipolSai Assicurazioni renewed its strong commitment towards preventing and combating fraud, acknowledging its key value for the protection not only of the interests of the Company and the insurance market but also those of the customer and consequently of society as a whole.

The tools and processes adopted to combat and prevent fraud, the cooperation of all relevant company functions, the successful relationship built on a daily basis with the Police Authorities and finally the careful and accurate selection of external collaborators (specialised investigators and criminal lawyers) allowed significant results to be achieved both in identifying fraud risk and in combating it actively by filing complaints and actions with the Authority.



Underwriting anti-fraud management aims to protect the Company from any forgery and use of forged insurance documents. Initiatives to combat fraud particularly regard the submission of reports and/or complaints/actions upon receipt of reports about a possible fraud against the Company and monitoring the outcome of the ensuing criminal proceedings.

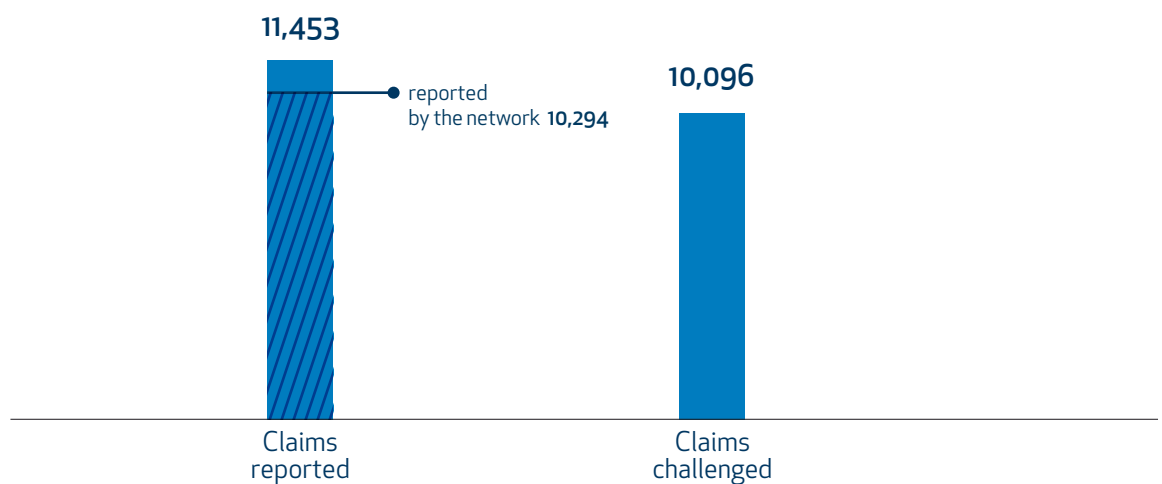
Settlement anti-fraud management instead seeks to prevent and combat claims management fraud in areas most at risk and, at the same time, works alongside the adjusters dealing with claims of other geographical areas and assessments of specific critical cases by interfacing with the Police Authorities and with the Anti-fraud representatives of other companies for insights that require real, specific cases.

In particular, after the creation of UnipolSai SpA, in 2014, a new organisational model was set up designed to combine and optimise the previous business structures, which led to reorganising the activities for preventing and combating fraud on two levels, referable to the following Functions:

- the Special Claims Area Function, which centralises the management and settlement of claims at risk of fraud, reporting to the Fraud function, where necessary, the claims subject to in-depth examination.
- the Anti-fraud Function, which carries out further investigations also aimed at possible criminal-law initiatives and deals with complaint-related activities, also following the criminal proceedings and handling relations with the Authorities.

Graph 6.6 Claims reported to Special Areas

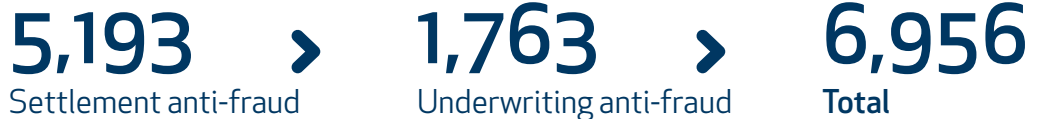
Source: Department of law, Shareholdings and Institutional Relations





6

Cases reported by the Anti-fraud Function



Source: Department of Law, Shareholdings and Institutional Relations

Verifications on reported cases



Source: Department of Law, Shareholdings and Institutional Relations

Graph 6.7 Actions filed

Source: Department of Law, Shareholdings and Institutional Relations



The above figures cannot be compared with those for 2013, as the scope and criteria used previously were very different; however - in general - it can be said that while at settlement level the reporting of claims at risk of fraud declined, at underwriting level, the figure remained basically stable.

6.3.3 Complaint management

Complaint management focuses on transparency and fairness, in line with the centrality of the individual which is a founding element of UnipolSai's system of values. A key feature in monitoring Customer relations is the Complaints and Specialist Assistance to Customers Function which besides working to contain the risk and costs related to complaints and sanctions, aims to promote a feeling of protection and respect for customers' rights, and to re-establish good relations with the Company or the Agent, that is, with the "player" that is nearest to the



customer.

The effective pursuit of these objectives is achieved both by periodically reviewing the operating procedures and tools to adapt to the Company's evolution, and by constantly monitoring the satisfaction of the Customer that made the complaint or asked for information.

During 2014, Complaints and Specialist Assistance to Customers accepted and handled 32,929 requests from users (policyholders, damaged parties, expert and law firms, counterparties, consumer associations and potential customers). In addition to this, 5,316 requests were received from the Supervisory Body and 526 telephone complaints, leading to a total of 38,771 contacts.

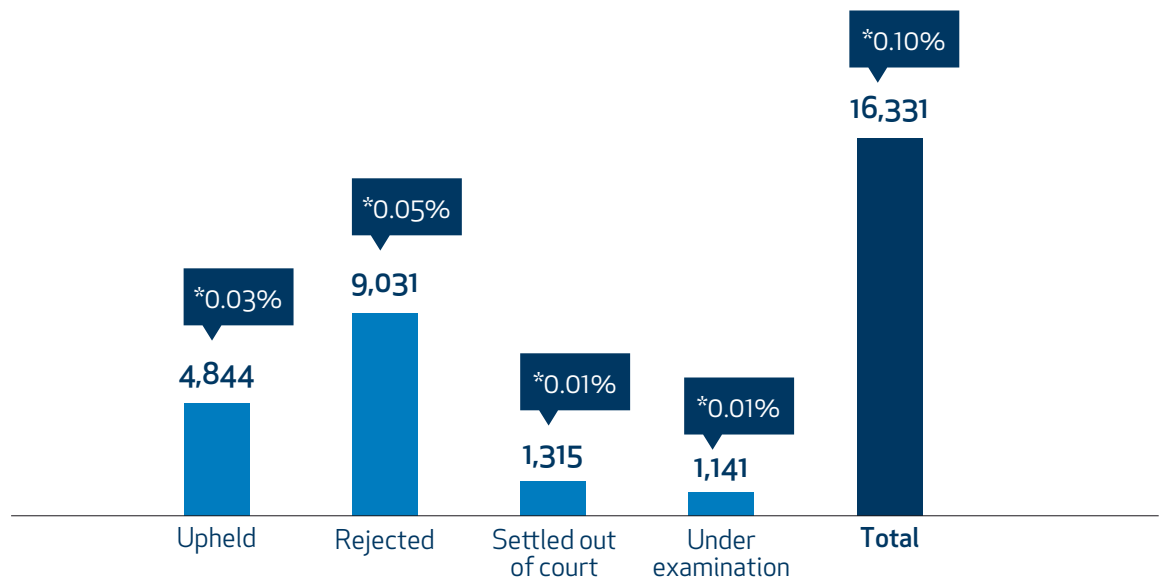
In 2014, complaint response time was below legal requirements: the limit of 45 days was widely observed given that in 30 days complaints were handled and a fully detailed response was provided to the customer's request. The response time indicator increased compared to 2013 and gradually improved during the last quarter of 2014.

Overall the number of complaints handled accounted for just 0.10% of the number of Company insurance policies, representing approximately 15% of the total claims of the entire reference market on the basis of complaints lodged in 2013. The impact of the number of complaints on the number of Non-Life Business claims was 0.69%.

As shown in the table below regarding complaint management in UnipolSai, over 50% were rejected.

Graph 6.8 Complaint management

Source: Department of Law, Shareholdings and Institutional Relations



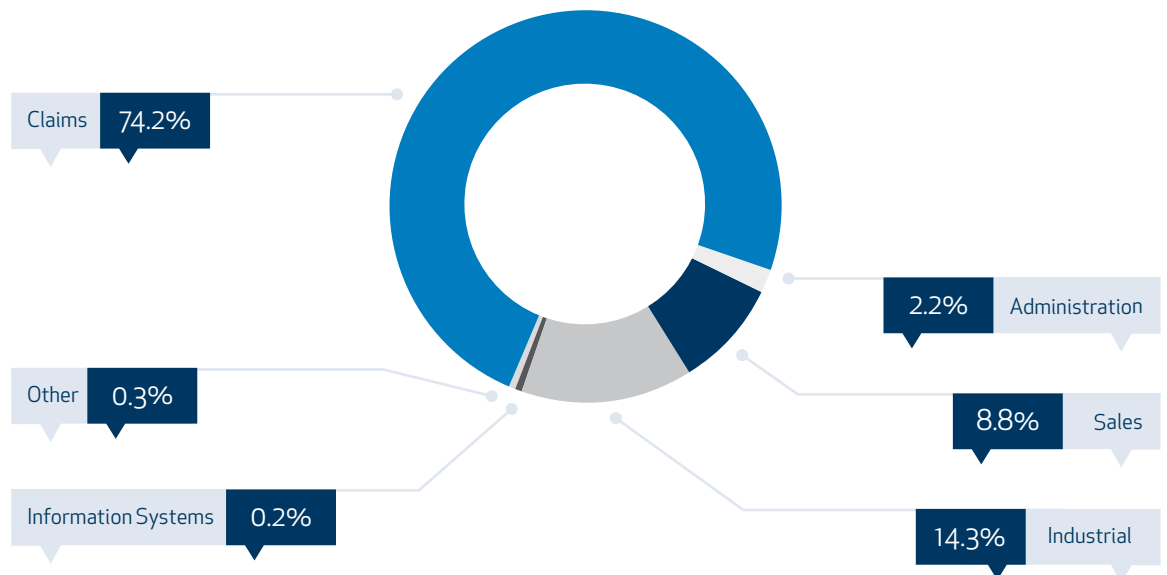
*% impact on number of policies

Complaints are divided by area of reference. This division shows that 74.2% (i.e. 12,117 complaints) regard claims, while the remaining 4,214 (25.8%) are mainly attributable to technical/underwriting (industrial area) and commercial problems.



Graph 6.9 Breakdown of complaints by area (% impact on total)

Source: Department of Law, Shareholdings and Institutional Relations



When analysing the different products covered by the complaints, a significant percentage increase arises, compared to the same period last year, only in the Health business, mainly due to greater requests for settlement and to the early withdrawal of long-term policies, and Other TPL.

Complaints regarding the MV TPL business - the most important numerically speaking - were instead stable. Complaints regarding Life products recorded an increase for almost all types.

In the **Non-Life** sector, the general reasons that affected the claims area were: "Failure to provide / Delay in providing payment offer" (no. 5,792; 50% of cases), "Cancellation of malus" (no. 1,526; 13%) and finally "settlement amount" (no. 940; 8%).

With regard to the industrial area, they were: "Malfunction / disruption / company relations / technical policy management" (no. 634; 29%), "Cancellations by customer not accepted by the Company" (no. 526; 24%) and "Tariff increases" (no. 222; 10%).

Finally, regarding the sales area, they were: "Malfunction / disruption / relationships with intermediaries" (no. 899; 69%), "Failure to issue a copy of the certificate" (no. 127; 10%), "Irregular underwriting" (no. 90; 7%).

In the **Life** sector, the reasons were connected to delays in settlements (32% of cases).

By user type, the complaints submitted by policyholders and insured persons accounted for 68%, while 32% regarded complaints received from damaged parties and beneficiaries.

IVASS Interventions and sanctions

The table below summarises the most important details on the reports submitted by IVASS to UnipolSai. With particular regard to the contents of the sanctions, it is worth noting that the majority are ascribable to delayed offers or failure to pay settlements within legal deadlines, while fines relating, for example, to the failure to deliver / delayed delivery of the risk certificates and the penalties imposed for late response to the customer or to IVASS itself have less economic significance.



During the January-December 2014 period, IVASS notified over 5 thousand interventions and 404 sanctions to UnipolSai, mainly due to claims-handling delays.

The overall amount paid for the sanctions amounted to €3,152,099. With regard to the contents of the sanctions, they were nearly all attributable to the Claims area, both in terms of frequency (85%) and of economic impact (90%).

Graph 6.10 IVASS Interventions

Source: Department of Law, Shareholdings, and Institutional Relations



Compared to the market, UnipolSai Insurance holds a 17% share (IVASS source) against the total amount of overall sanctions: the share rises to 18.1% if we consider MV TPL violations against a share market of 28.1% (based on the premium collection as at 31 December 2013).

Analysis of UnipolSai's positioning in the MV TPL business market shows that the ratio between sanctions and premiums was 0.062%, regarded as the efficiency index and as the administrative, technical and settlement capability index of the branch and of related activities in relation to the portfolio.

6.3.4 Listening and dialogue

Customer satisfaction

During the months of November and December 2014 a survey was conducted on UnipolSai customers, including individuals and legal entities, holding one or more motor policies and belonging to General and Life classes, which aimed at measuring their level of satisfaction and experience of the services used. 897 individuals and 243 legal entities were contacted through telephone (CATI) and web (CAWI) interviews, for a total of 1,140 interviews.

During the survey, together with traditional multiple choice questions, open questions were also asked to obtain truthful feedback based on the interviewee's real experience. Text analysis - performed through a patented algorithm that took into account all linguistic aspects - developed a summary evaluation index of customer experience: the Sentiment Index of UnipolSai. 90.3% of customers interviewed gave positive feedback on the issues considered. The general Sentiment Index was very high, totalling 69.8 (0-100 index), in line with the measurements taken with regard to relations with Agents (74.4).

UnipolSai customers were asked which aspects, during their experience as policyholders, they appreciated most: the relationship with Agents (23%) and the helpfulness of agency staff (21%) were the most appreciated factors. Specifically, regarding the Agents, the specific Sentiment Index was even higher than the general one, reaching



a score of 3.10 (on a scale of -5 to +5). Among the main elements evaluated in the relationship with the Agent, professionalism, competence and clear and transparent communication were particularly appreciated.

Between November 2014 and February 2015, a Customer Satisfaction survey was carried out by Databank and Cerved Group, by way of telephone (CATI) and web (CAWI) interviews, on MV TPL policyholders. The survey was divided in two complementary areas: the first regarded the Italian market, the second consisted of an in-depth focus on the UnipolSai MV business and customers, obtained with an oversampling of 800 customers (400 from Unipol and 400 from FondiariaSai-Milan), interviewed by telephone and via the web. The survey revealed that, over the past years, UnipolSai customers have had high levels of satisfaction overall in the relations (98%) and service (92%) areas.

Customer
Satisfaction
Index

UnipolSai
95.5



Agency channel
market standard
94.7

Source: General Insurance Office - Sales Department

The **NPS (Net Promoter Score) index** was analysed, which measures the rate of customer word of mouth as the difference between customers "promoting" and those "criticising" the Company. On a scale of 0 to 10, "promoters" were customers who in answering the question "Would you recommend your Company to your best friend?" gave an opinion of 9 or 10, the "critics" are those who expressed an opinion ranging between 0 to 6. The survey showed that, in 2014, UnipolSai was in the highest range of traditional companies: the score of 15.4 was higher among UnipolSai customers in the South and North-West. Moreover there was a direct proportion between the NPS score and the extent of the basket of policies held, with scores of 9.9 for MV customers, 15.9 for holders of MV and Non-Life policies and 31.1 for holders of a Life policy. The portion of satisfied customers remained high even in the comparison between customers involved in a claim and those not involved in a claim, where both were above the market benchmark related to traditional Companies.

An NPS procedure was also set up for UnipolSai's MV product, the most significant in terms of number of contracts and value of premiums. The survey reported very high overall levels of satisfaction and the NPS value amounted to 4.8% in contrast to previous years although below the market standard (8.5%). The aspects most appreciated by UnipolSai MV TPL customers were the expertise and ability to provide clear and accurate responses in the relationship with agents/staff and customers, the ability to offer customised insurance solutions and the transparency of contractual conditions. These features allowed the degree of loyalty to the Company to continue to be high (47%).

Customers assistance

Similarly to the complaints sector, the current structure of the Customer Assistance structure (which includes a call centre for phone calls and Specialist Assistance for written requests) collects the best practices of all the Companies that merged into UnipolSai which emerged as a result of in-depth organisational analysis.

The Customer Assistance service acts as moderator, facilitator and impartial informant in the Customer - Agency - Company relationship, playing an important role in stemming the receipt of complaints.

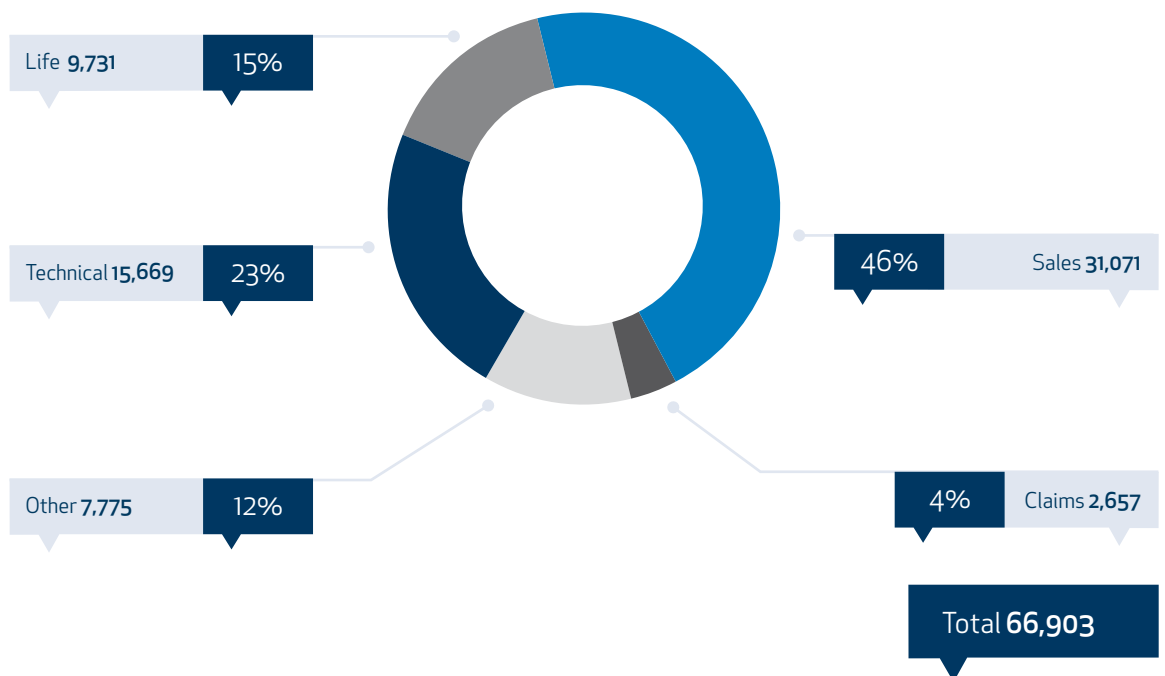


The contacts approved and managed by the service in 2014 amounted to 66,903. Any complex issues were submitted to the competent offices whose opinion was rewritten and any technical terms were changed making them clear and understandable.

As may be seen in the table below, which shows the number of requests for assistance by area of reference out of a total of 66,903 cases handled, almost half appear to be related to sales, whereas the number of requests for information and assistance in relation to claims was very low, since handled directly by the Claims Department itself.

Graph 6.11 Requests for information and assistance by type (% impact)

Source: Department of Law, Shareholdings and Institutional Relations



Communications with customers

Transparency in customer relations is a key feature in daily business management activities; for this reason, the Company is committed foremost to reviewing communications with its Customers to improve the completeness and above all the comprehensibility and accessibility of communications.

In accordance with these purposes, the Progetto Albero (Tree Project) was launched aimed at making the direct communication between UnipolSai and its Customers consistent and unambiguous, by standardizing the graphics and language both for commercial communications and mandatory communications in keeping with UnipolSai values. The project envisaged an evolving language that met the insurance needs of customers building on **clarity, transparency and effectiveness**. The initiative involved the letters sent to customers upon expiry of the policy and submission of the MV TPL risk certificate, as well as the communications relating to the fees charged to customers who used, in the event of a claim, the Auto Presto & Bene authorised repair shops. Gradually, starting from the second semester 2015, it will be extended to the Life business, as regards the annual income communications, and to claims, with regard to letters confirming the opening of MV TPL claims.



For ordinary communications with Customers, a wide range of tools were used to guarantee thorough information and to strengthen loyalty. To this end, the websites of the Company and the companies were updated on a daily basis.

In order to maximise the transparency and completeness of the information provided to Customers, UnipolSai Assicurazioni developed a coherent customer communication model designed to support a variety of integrated channels, promoted primarily through the main advertising campaign.

In order to improve and strengthen its presence in the Internet, the Company made efforts to develop innovative, digital tools, seeking customer communication methods that were easy to use, readily available and capable of conveying a further message about the importance in keeping close to customers. Among these, of note was the "Personal Reserved Area" in the website www.unipolsai.it allowing customers to access their insurance situation and view their existing guarantees, deadlines and agency contacts. Alongside this initiative, the Customer newsletter "Utile a Sapersi" ("Handy to Know") informed customers and educated them on issues regarding protection and safety.

Finally, the Company further strengthened its presence on the social media. UnipolSai's facebook fanpage, created to convey commercial and useful contents in an informal, two-way manner, exceeded 94,000 fans at 31 December 2014. Similar accounts were created on Google+, YouTube and Twitter to allow the Company to acquire more widespread presence.

Increase of instruments and solutions for the relationships with customers



The proximity of the Company to the local area was also supported through specific marketing initiatives. Among the most significant commercial communication events, of note was the participation of UnipolSai with the Freccie Tricolori in the 2014 event, held in Italy and abroad from May to October. UnipolSai was also the promoter of food culture at the Salone del Gusto, through dedicated stands. The 2014 Motorshow event also hosted the Company, focusing on road safety and on the passion for motorcycle racing. Through specific "leisure" activities, knowledge of the UnipolSai brand and new commercial contacts were promoted.



7.1 Geographical presence

UnipolSai relies on its sales network's widespread presence throughout Italy to adequately and quickly meet customer needs. In keeping with the tradition of the Unipol Group, the Company UnipolSai maintains a very close partnership with the agency network in order to enhance its specific expertise and support its business development and professional growth through an attentive service and support policy.

The agency network as it is in late 2014 is the result of a multi-faceted process of corporate mergers. It has a total of 3,157 agencies (excluding the Assicoops and net of agencies sold in compliance with the requests of the Antitrust Authority - "AGCM"), in addition to roughly 6,700 subagencies.

The sales network, formerly broken down into the Unipol, La Fondiaria, Sai, La Previdente and Nuova Maa Milano divisions, was involved in an integration process in 2014 aiming to create a unified agency network that combines both tools and opportunities. The concrete result of this approach was the launch of an organisational structure based on sales areas rather than divisions.

The general guidelines followed for this reorganisation involve confirming the **agency network as a fundamental asset for presence throughout the country** by reinforcing its ability to work alongside other channels as well as diversifying the offering with specific products and professional figures trained to work in innovative channels.

With these goals, efforts were made to gradually manage the evolution of customer relations by taking an **integrated multi-channel** approach to all relevant customer processes and expanding contact methods and frequency. To **renew the sales model** and reinforce the idea that the Agency is a central location for accompanying customers, professional specialisation courses highlighting the different services and solutions that the Company offers were launched to enable agents to support customers with adequate assessments and targeted, personalised services.

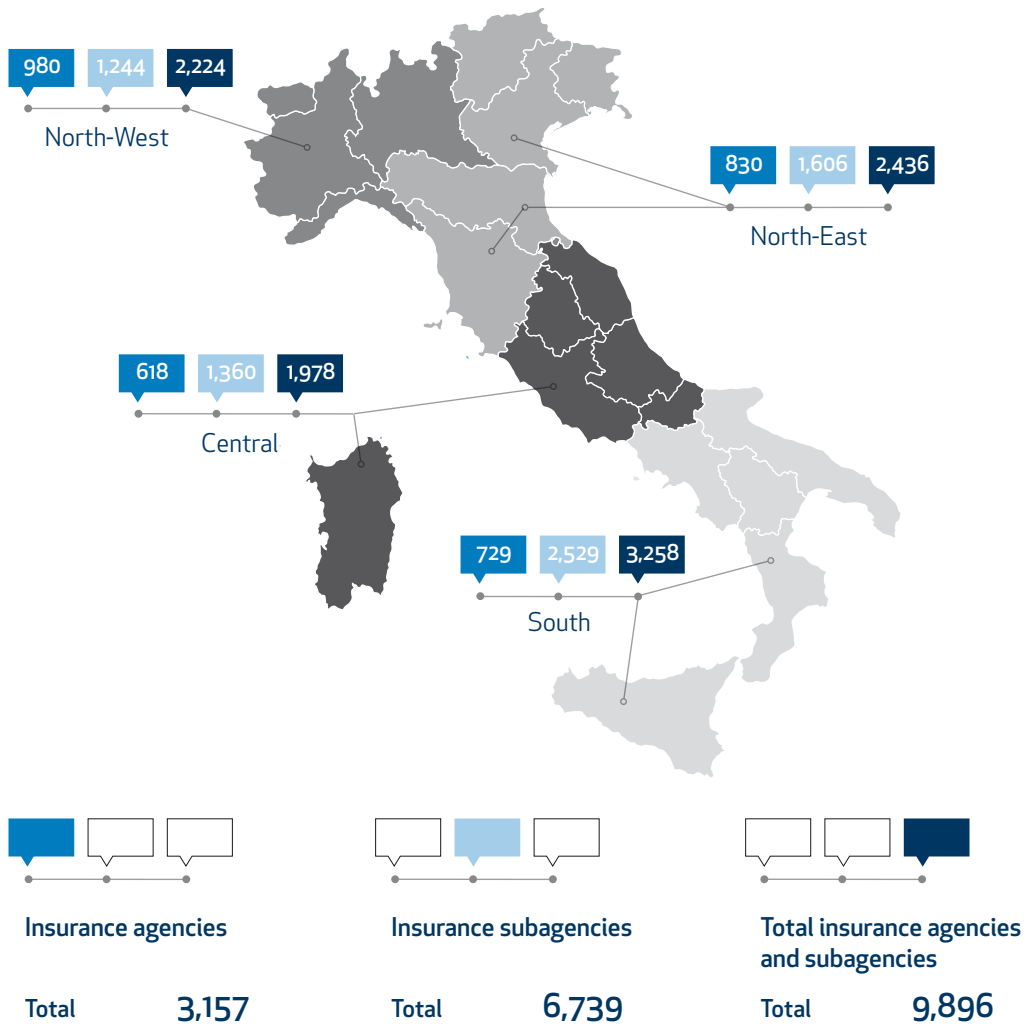
This multi-channel approach is further reinforced by the adoption of communication and information tools such as the electronic signature for all portfolio products, e-insurance capable of providing information beyond that required by IVASS and guiding customers to ensure that they are properly informed and aware, and the enrichment of information present in the CRM system to help agents personalise offerings for their customers.

Geographical analysis of the distribution of the entire UnipolSai network showed, on the one hand, a substantial presence in the regions of the North-West, with a third of all the agencies, and on the other hand the significant proportion of the network in the Central and Southern regions of Italy – Lazio with 266 agencies, Campania with 173 and Sicily with 236 – a total of approximately 22% of the total number of agencies. The geographical distribution also confirmed that the Company was still well represented in the regions where its presence has traditionally been strongest, such as Emilia-Romagna and Tuscany, which had 15% of the entire network.



Graph 7.1 Agency breakdown by sales districts

Source: Department of Distribution Regulations and Control of Insurance Processes



A distinctive element of the UnipolSai Company sales network, which is unique in the Italian and European insurance brokerage landscape, is the company agencies, or Assicoops, which work within a specific territory. There are eight structures characterised by widespread coverage provided by 309 points of sale, specialised networks focused on solutions to meet individual customer needs or profiles and multistakeholder ownership. The Assicoop ownership structure includes cooperatives, trade union organisations and employee and SME representative organisations, as well as significant Company representation. This specific ownership structure makes the relationship between the Assicoops and the reference territories unique and distinguishes their overarching values, in addition to privileging services for member organisations and their members.

The activities carried out by the company agencies in 2014 aimed to reinforce sales presence throughout the country while also rationalising and consolidating points of sale and hiring new sales resources from competing companies. In keeping with the planned guidelines, sales objectives aimed for: an improvement in agency network



sales performance, consolidation of market share and the Life business product range, development and integration with the Group's banking component.

In terms of the organisational structure, the Company pursued the objective of creating synergies amongst the Assicoops, which in some instances involved combining adjoining units.

Premiums and customers Company Agencies

Source: General Insurance Office - Sales Department

Premiums



€ 784,195,131

Customers



432,100 of which 46,843 also Bank customers

7.2 Network-support services

The Company intends to foster an increasingly closer and more shared relationship between UnipolSai and the agency network to more efficiently respond to customer needs. With the belief that real loyalty is built through the customer-Agency relationship, the Company works in partnership with agents by providing them with IT services and support, which give them a better link to internal processes and enables them to be an active part in the life of the enterprise, both at the product-design stage (Technical Commissions) and in deciding what methods to use.

The tools and occasions for communication between the Company and the agent network are important elements to construct and consolidate a relationship of trust and share targets to be pursued. In particular, in the course of the year dialogues continued with the Agent Boards on topics of common interest ranging from the creation of new products and the improvement of operating procedures, to sharing sales and market initiatives and, more generally, all innovation processes being developed by the Company. Specifically, there were 16 meetings with the Chairman's office, 30 Commission meetings, 40 meetings dedicated to the regulatory, economic and IT transition of the former Premafin Group to the Essig claims handling system and 9 meetings devoted to regulatory and economic agreements on the disposal of part of the portfolio to the company Allianz.

To ensure better dialogue with the sales network UnipolSai has reinforced digital communication methods, particularly by sending a **monthly newsletter, Push**, which contains preview information on events, products and initiatives, often accompanied by thematic analyses, and by extending access to the **UEBA agent portal** which provides not only the updates required by law, but also all communications about the Company's policies, local initiatives and activities.

Aside from these well-established initiatives, around 1,100 associates from a selected number of agencies continued to participate in the **Next** business community. Next offers its participants useful information on

insurance market trends, develops current topics relating to their day-to-day work, goes into detail on product content and offers a sales “lecture” with contributions, some via video, by instructors/professional trainers.

Aside from digital communications, **meetings held throughout the territories** gave Company management the opportunity to describe activity plans and engage in dialogue with agents. In 2014, two “Protagonisti di una nuova dimensione” (“Protagonists of a new dimension”) tours were organised, making a total of 17 stops and involving more than 4,700 associates from all networks. The tours featured presentations of actions required for the implementation of the **integrated multi-channel strategy**, agency digitalisation, the evolution of innovative technology payment systems with the full integration of processes and systems, and the creation of effective sales processes to reach development targets.

Integrated
multi-channel
strategy



1,000
new advanced digital
signature devices

offering mobile services and digital solutions
by various technological devices

With reference to effective business planning and management, implementation of the “**Agency Models**” continued, the aim being to align the help given by the Company to the various requirements of the agencies. An analysis of the network made it possible to identify certain reference Models that represent different “virtuous” examples of market competition: the intent is to propose evolutionary paths to the agencies that guarantee the medium/long-term sustainability of the integrated Agency-Company system, taking into consideration the agency’s competitive characteristics within its territory. At the end of 2014 a total of 216 agencies shared a Three-Year Plan with the Company (equal to 16% of the Unipol division and 7% of the entire network), of which 64 concluded the three-years of the Plan. Overall, the agencies with a Plan are closer to reaching the sales budget objectives in all Non-Life segments.

In particular, the figures measured at 31 December 2014 for these agencies show development of Non-Life business premiums approximately 2.3 percentage points higher than other agencies of the channel, with greater increases in the Individuals and Businesses General Classes. In the Life segment, there was an increase of 37.5% compared with the same period of the previous year.

At the end of 2014, 1914 agencies were equipped with the **CRM (Customer Relationship Management)** system, which now has additional new functions. Some of the most significant ones include analysis of the agency premium collection process, which provides benefits in terms of marketing planning and premium collection management, and printing directly at the agency, thereby eliminating the distribution of paper throughout the country and reducing the generation of unused printed materials.

In the area of professional qualification, in 2014 the Company provided training for the entire sales network, to satisfy IVASS requirements as well as to develop the expertise of its intermediaries.



The teaching methods adopted by the Company were distance-learning courses and traditional classroom-based training. The first method permits a prompt authorisation of the intermediation of products already on sale and of newly marketed ones, as well as updating in accordance with industry legislation.

The “**Virtual classroom**” mode was also introduced on a trial basis during the year, and it is expected to be made available to more participants throughout 2015. This method will be used primarily to deal with subjects relating to Agency processes and work tools. Training will also be planned to support reaching the objectives established in the Company Plan of Action.

A particularly significant achievement in sales network training activities was the integration of all divisions within the **TRAINING platform**. This shared tool provides unified course offerings for the entire UnipolSai sales network, with the goal of unifying the product price list and agency operating and sales processes (Essig, CRM, UEBA), as well as enhancing the expertise of its intermediaries. It was possible to choose from amongst 17 distance-learning courses provided on the general class products, 24 hours of classroom training was provided on the main individual and business line products and 32 hours of e-learning courses were provided on sales and operating processes, with the aim of simulating a typical day at the agency.

In the Company UnipolSai, which has more than 30,000 intermediaries, the main strategic training projects in 2014 included the new Life price list, the SMART product line, the enrichment of services linked to the Auto Presto&Bene offer, My Glass, the use of the car comparison tool, the training programme associated with the adoption of the new “Liquido” claims handling system (1 day of classroom training for Agents and agency Claims Contacts for a total of 120 editions with the involvement of more than 3000 people) and the new managerial course catalogue, in place alongside the Agents master’s degree.

In 2014, more than 80 Agents from throughout Italy attended the **Master’s** degree programme, for a total of roughly 6500 man-hours of classroom training, to learn about the tools and skills required in the “Agency Models” commercial development process, with ample space for practice case exercises. Aside from strategic analysis and planning, the topics addressed included leadership and sales team management. For agents, this was an opportunity to develop managerial skills associated with the financial and organisational management of the Agency and its sales network, depending on the positioning reached or to be reached in terms of profitability for themselves and for the Company and the competitiveness of the applicable territory.

In addition, courses were offered for the development of employee and agency sales process management skills, which particularly stressed the Agent’s leadership abilities.

As in past years, the Company continued developing the specific course for hiring Agency Life Business Manager consultants (Salespeople and Coordinators), strictly linked to achieving sales objectives and with the operating support of dedicated sales staff (Life Tutors). In this regard, around 100 new Agency Life Business Managers were hired in 2014, so there are now roughly 300 staff members in this role.















Other initiatives of note were those dedicated to the offer of current accounts to insurance customers, in partnership with Unipol Banca, and those linked to Risk Management (for the Company Agency as well as the Private Agency sales channels). In this regard, through the “**Large customers and SME Risk Management**” specialisation course, UnipolSai shared evolved methods and tools that can be used to identify, analyse and assess risks and acquire the ability to manage specialised sales offerings to business customers based on size.

For strategic projects, the **course instructors** were primarily high-level trainers from external companies, the Company’s technical and sales trainers and Agent trainers, who managed part of the professional updating for the subnetwork.

Graph 7.2 Agency network training

Source: General Insurance Office - Sales Department

 number of participants
 h/  number of man/hours
 number of courses

	 Classroom-based		 Distance-learning		Total
Private agency network training					
 number of participants	12,410	+	47,603	=	60,013
h/  number of man/hours	95,118	+	76,097	=	171,215
 number of courses	54	+	230	=	284
Private secondary network training					
 number of participants	58,803	+	234,983	=	293,786
h/  number of man/hours	397,062	+	402,100	=	799,162
 number of courses	95	+	250	=	345
Company network training					
 number of participants	4,902	+	13,191	=	18,093
h/  number of man/hours	29,758	+	20,051	=	49,809
 number of courses	48	+	126	=	174
Totals					
 number of participants	76,115	+	295,777	=	371,892
h/  number of man/hours	521,938	+	498,248	=	1,020,186
 number of courses	197	+	606	=	803

Secondary network training (including that necessary to comply with the requirements of Reg.IVASS 5/2006) is considered fundamental to maintain a good professional level throughout the network. Aside from the training provided by the Company through its regional structures, training was also organised by the Agents themselves through the in-agency training method.



The majority of man-hours are spent on updating secondary network agents (classroom: 426,421 and distance-learning: 422,080), which constitutes 86% of the Company's sales network, with average participation of 15 classroom hours per person and 15 hours of distance-learning.

As regards teaching methods, total man-hours of classroom and distance-learning training are basically balanced (classroom: 521,938 and distance-learning: 498,248), although there is a slight preference for traditional classroom training (51%).

8.1 Management and selection

The Group's Purchasing policy is meant to favour the creation of measurable value in the development of synergies and integration opportunities in risk management, cost containment and the limitation of social and environmental impacts. The policy applies to all Group Companies, including UnipolSai Assicurazioni which, as regards supplies, makes recourse to the Group Purchasing office. In 2014, Group Purchasing activities aimed to rationalise the number of companies offering the same product or service and optimise logistics and distribution procedures.

The Group's suppliers are regularly and accurately surveyed, monitored and selected with a view to establishing partnerships and long-term relationships revolving around the Supplier Portal.

The web-based Supplier Portal is a structured and clear process of approving and selecting suppliers, the aim being to reduce operating costs, optimise collaboration, increase integration with our partners and provide them with better access to information.

Registration in the Supplier Portal requires examining the **Organisational and Management Model**, the **Code of Ethics**, the **Charter of Values** and the main business procedures, especially the **Companies' current purchasing procedures**.

For Unipol, compliance with these principles is an essential element of supplier relations. It also means that suppliers must make efforts to fight against all forms of discrimination, comply with the Group's anti-corruption measures, occupational safety regulations, current law and national labour agreements and ensure to the Group that they have enacted the necessary protections which govern the assignment of activities to external individuals/businesses.

In addition to the **information required by law**, the **approval process** requires suppliers to provide **information relating to the legality and sustainability rating**, illustrating the extent to which they take account of and observe social and environmental aspects. This information is associated with the possession of environmental certifications, the measurement of polluting emissions, the use of non-discriminatory company policies, the promotion of diversity, the cultivation of work-life balance and the management of worker health and safety, in order to enhance the sustainability policies they have already adopted.

The Group uses this information to check the degree of sensitivity of its most important suppliers to these topics and incentivises a gradual assumption of responsibility as concerns environmental awareness and the development of the resulting measures. Therefore, in choosing its suppliers, Unipol has formalised its interest in placing emphasis on their conduct and the relative available environmental and social sustainability credentials.

The Supplier Portal highlights the general financial status of registered Companies, partners that meet professional requirements and have the economic/financial and technical/organisational capacity to align themselves with Group policies. After suppliers register, their performance is assessed with a view to boosting the quality of the products and services offered through a process of analysis and development of specific improvement actions. Indeed, the Group analyses quantitative and qualitative aspects as well as the timing, proactiveness and flexibility of its suppliers in light of Unipol's needs, with respect to the services offered and/or the products delivered, as well as the level of financial solvency in relation to the applicable markets and the level of risk that the activity entails for the Group. Supplier performance is measured within the Portal via the assignment of a score based on: completed questionnaires, accounting/administrative/tax documentation, performance and lastly the level of criticality that the supply entails within the Group.

For management and selection, the Supplier Portal is supported and accompanied by the SAP and MaNeM (Manufacturing Network Manager) platforms, through which suppliers can be assured of the commitments



assumed by Unipol and, based on a reciprocal approach of partnership and clarity, partner Companies are able to make commitments in the manners established and agreed upon in the contract. As regards the efficiency of the application platform (SAP), the supplier payment process is monitored through the integration of the Unipol accounts payable cycle with the supplier order management flow (MaNeM). This automated procedure minimises errors as well as delays. Payment terms are generally agreed with the suppliers and the company complies with them in almost all cases, making payments in 49 days on average. The limited cases of invoice payment delays are primarily due to inevitable anomalies or material errors in supply-related administrative processes.

To support the integrity and fairness of the supplier selection and relationship management process, when possible Unipol has continued to use the **online bidding system intended for qualified suppliers** and created within the Group Supplier Portal, which allows for pre-selection to verify compliance with requirements for participation. This procedure generally makes it possible to select those that are able to guarantee the best price/quality ratio for the product/service requested. In 2014, 76 suppliers took part in 11 online tenders.

Based on the aspects described, the Group's supply chain is distinguished by relations with suppliers which become more reliable over time, thereby creating an opportunity to integrate sustainability and competitiveness. A concrete result of this approach is the Group's emphasis on implementing a series of initiatives with a strong social and environmental impact together with its partners, especially the strategic ones. Some of these included the programme called "Solo 30 giorni per la Sostenibilità" ("Only 30 days for Sustainability"), which consists of decreasing Unipol supplier payment terms to 30 days, the assignment to the Virtual Coop of the management of undeliverable mail and returned cheques with the relative indexing and scans; a reduction of food waste at company restaurants; and enhancement of the catalogue with 275 green products (14% of the total) with environmental certifications. At 31 December 2014, 35,664 green products were ordered from the catalogue, amounting to 21% of all products purchased.

8.2 Supplier size and characteristics

At 31 December 2014, of the approximately 2,000 suppliers invited to register in the Supplier Portal, belonging to all applicable product and/or service categories identified within all Companies, 753 businesses registered in the Portal, of which 723 are enrolled in the Register, i.e. qualified, representing the partners with which the Unipol Group has an ongoing and significant relationship in terms of size as well as strategic importance of the products/services purchased. 70% of the Unipol Group's spending involves suppliers registered in the Portal, and the Group Companies had trade relations with a total of around 2,800 companies. Of these, more than 300 are social enterprises such as cooperatives, associations, foundations and other organisations offering socially useful goods or services.

An analysis of spending by supplier shows that the amount paid by the Group remained basically stable with respect to the previous year: in 2014 it totalled €531m, of which €346m attributed to UnipolSai Assicurazioni.

Distribution according to category, referring to the entire Unipol Group, shows a net predominance of spending on service-providers, with a particularly large number of 'miscellaneous services', which include such heterogeneous services as training, telephone and Internet services, delivery and archiving. The amount paid to suppliers of IT goods and services, which invoice the highest percentage of expense, is just as significant.

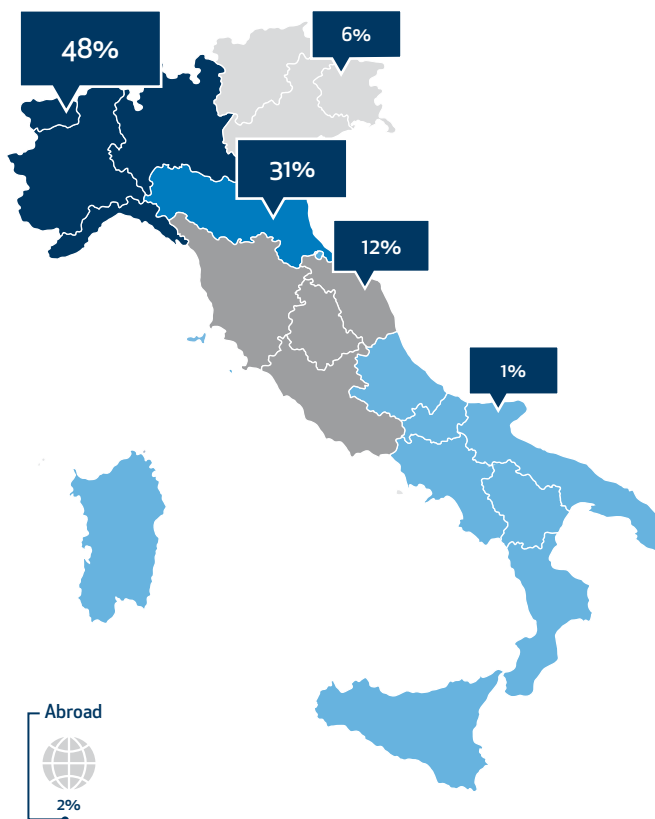
An analysis of the distribution of the amount paid by geographical area by the Company UnipolSai shows a predominance of suppliers in the North-West, UnipolSai's traditional area of operations. The fact that the regions in which the Company's offices are located, Emilia-Romagna and the North-West, account for a large amount of supplier spending is due to the importance placed on supplier proximity in the selection process.

In line with the Group policy of creating positive impacts in the social and economic fabric of the communities in which the Group Companies operate, in terms of employment and economic promotion, overall 98% of spending on supplies takes place in Italy.

Graph 8.1 Amount paid to suppliers by Regions

% impact

Source: Administration, Management Control and Operations Department



Regions	Value in €
North-West	166,091,757
North-East	21,375,252
Emilia-Romagna	108,879,053
Central	39,886,761
South and Islands	4,313,033
Abroad	6,439,264

Total **346,985,120**



9.1 Social initiatives

9.1.1 Contributions

For Unipolsai, as for the entire Group, support for the community is an essential part of its business activities, enabling it to fulfil its social role and to promote a vision of clear, sustainable and socially balanced development.

The objectives guiding the initiatives to be implemented are directed towards promoting growth in response to people's actual needs, in order to promote improved well-being, social cohesion and security.

UnipolSai Assicurazioni is the Group company that - in terms of brand visibility and support to the various projects, in line with the Group's values and business - takes a more active role towards the community. Its socially valuable initiatives follow two approaches: contributions to non-profit making organisations and sponsorships to support the Group's brand and corporate image.

The first approach includes donations of money or in kind to non-profit-making organisations for occasional and long-term projects. Sponsorship initiatives, instead, are chosen to promote the brand and to allow cultural, leisure, sporting and scientific activities.

In 2014, the socially valuable initiatives were developed and coordinated through the relationships of the Member Organisations, throughout the local areas and at national level, and through the External Communication and Relations Department that made efforts to ensure consistency in the use of economic resources and in the selection and evaluation of initiatives with the purpose of creating positive social and environmental impact.

Overall, donations totalled €257k and sponsorship exceeded €3m. Added to these were the membership fees paid to economic, social and cultural research organisations with which UnipolSai was actively involved, which amounted to €268,705 in 2014.

The contribution to the Unipolis Foundation came to €400,000 and is used according to the axes of intervention defined by its Board of Directors, although in line with the strategic guidelines governing the sustainability of the Unipol Group. The report on the activities of the Unipolis Foundation is published in the Mission Report, which can be accessed from the website www.fondazioneunipolis.org.

Table 9.1 Contributions to the community according to type

Amounts in €

Source: Administration, Management Control and Operations Department

Type of activity	Description	2014
Donations	Contributions and donations of money or in kind to non-profit-making organisations for short-term projects or initiatives	257,400
Sponsorship	Initiatives selected to promote the Company brand (with a commercial value) in favour of member organisations, to support cultural, sporting and local events (local sponsorships provided by bank branches/agencies)	2,874,457
Unipolis Foundation	Contributions to the Unipolis Foundation	400,000
Total		3,531,857



9.1.2 Interventions

UnipolSai operated in coherence and complementarity with the guidelines defined by the Group regarding the priorities and areas of intervention on which to focus the allocation of resources. A system was used for assessing the ability of the proposed project to generate benefits and effective solutions in the intervention area.

The guideline intervention areas considered for 2014 activities were:

- **culture and artistic heritage** – measures to expand and preserve the artistic, historical and cultural heritage of the areas in which UnipolSai operates and to allow individuals to enjoy it;
- **environment** – initiatives to protect the environment and raise awareness of matters such as climate change, energy savings, separate collections of waste and reducing pollution;
- **sport** – sport events, for both amateurs and professionals, and recreational and cultural activities also for young people;
- **scientific research and social utility** – grants to various non-profit-making organizations for projects to improve all aspects of society, particularly activities that raise awareness in the community about, for instance, road safety, health and voluntary work. These initiatives also included support for research - especially medical, scientific and economic research - and the commitment to protecting legality, a transversal and key value for the Company and its business activities.

Alongside these initiatives, **leisure** activities were carried out, mostly in partnership with Member Organisations on various topics, often cutting across the four main areas, and which aimed to achieve an image return both for the company and for the individuals involved.

Graph 9.1 Contributions to the community according to type

Source: Administration, Management Control and Operations Department

Amounts in €





Artistic and cultural heritage

Based on the commitment to pay great attention and enhance the value of artistic and cultural heritage, UnipolSai has always supported a number of initiatives in this field: from partnerships with some of the major Italian theatres, to the sponsorship of exhibitions and musical events, and the restoration of works that are part of our national heritage.

The contributions offered by UnipolSai to local or national initiatives are designed to make cultural heritage as widely accessible as possible, acting on the belief that supporting and promoting culture is the duty of all those who have responsibility within the community, be they public institutions or private operators.

Environment

The Group's Charter of Values provides an explicit vision of balanced social development, open to all. For the Unipol Group and UnipolSai this means: safeguarding local and environmental heritage through a rational use of all resources and the development of innovative and environmentally friendly projects.

This also includes UnipolSai's support for environmental projects and agreements with partners promoting sustainable models and lifestyles. Within this scope, during 2014, UnipolSai renewed its cooperation with **LifeGate**, the communication network that promotes a sustainable lifestyle through radio and web channels. In addition to this partnership, UnipolSai also supported the "**Ecopatente**" initiative, conceived to create awareness among young people on the environment and on the environmentally friendly use of their vehicles. The Ecopatente course, totally free for both driving instructors and students, is an integral part of the theory lessons. 1,180 driving schools took part in the initiative in 2014.

Scientific research and social utility

In line with the attention paid by the Unipol Group, UnipolSai believes that having a future-oriented approach especially means looking towards new generations and supporting projects focusing on welfare, medical and scientific research, equal opportunities, support for the community and subsidiarity. Among these sponsoring projects, of particular significance was the support offered to **AISM Associazione Italiana Sclerosi Multipla** (Italian Multiple Sclerosis Association) during the "La Mela di AISM" campaign, in favour of the "Giovani oltre la Sclerosi Multipla" project; the support to Fanep, a non-profit-making organisation involved in supporting research, assistance and charity projects in the field of infantile neuropsychiatry, and the support to the "Asphi" Foundation, a non-profit-making organisation dealing with information technology and disabilities.

The partnership with **Fondazione Banco Alimentare** (Food Bank Foundation) to support the 2014 National Food Collection Day was equally significant. In addition to the institutional commitment, employees were also directly involved in a free food collection initiative. During 2014, 4 tonnes of food were collected in the main branches. An experimental project was launched with the Food Bank to recover the unused food of the canteen of San Donato Milanese and of Milan Via Senigallia for social purposes. The collection started in March 2014 and continued until December 2014, allowing the recovery of more than 3,000 meals and a saving of 15 tonnes of CO₂.

Of particular value was Unipol's and UnipolSai's decade-long collaboration with **Libera** - associations, names and numbers against the Mafia, which was established in 1995 to affirm the principles and the culture of legality, against organized crime and to promote economic development and social cohesion. In this respect, the Group and the UnipolSai Company provided support and contributions to the cultural, social and economic development of places oppressed by the Mafia, operating on the basis of the local values of each individual place and solidarity between even distant communities.

UnipolSai provided financial support for the cooperatives operating in confiscated property through the campaign "One Euro for each new policy in agreement with the member organisations", thanks to which funds are paid aimed at creating businesses on the land confiscated from Mafia gangs and clans and whose products are processed and marketed under the brand "**Libera Terra**" (Free Land). Thanks to this campaign, hundreds of honest, law-abiding jobs were created, especially for young people, in local areas controlled by the Mafia and having very high levels of unemployment. The 2014 campaign resulted in new policies amounting to €160k.



Special attention was also paid to making the employees of all Group companies aware of issues concerning legality and fighting the Mafia. The Unipol Employees Club of Bologna arranges the involvement of staff (28 in 2014) in voluntary summer camps on the confiscated properties, promoted by Libera. This Club also created a Fair Trade Purchasing Group for the Libera Terra products with orders totalling €12k.

Sport

Knowing that today's choices affect the future of new generations, UnipolSai Assicurazioni, along with the entire Unipol Group, devotes an important part of its Corporate Sponsorship Programme to sport, understood primarily as a vehicle for growth and for individual and social development.

Sponsorships embrace different disciplines and allow UnipolSai to act as a partner in Italian sport at the highest level by supporting leading national federations and major sports events. Among the most important are the sponsorship agreement with Lega Pallavolo Serie A (Italian Volleyball League) and Federazione Italiana di Atletica Leggera - FIDAL (Italian Athletic Federation). In addition to these initiatives with broad visibility across the nation, support to the basketball sector of the Briantea84 Sports Association, involved in the development of sport for the disabled, was renewed for the sixth consecutive year.

Leisure

As for activities in the field of leisure, whose involvement amounts to over €1m, these consist mainly of the sponsorship of events and shows of high cultural and sporting value, which are of benefit to the community but are also directly designed to promote the brand or a particular product of the Company. Given their ability to combine commercial objectives with social purposes, commercial initiatives are an essential part of UnipolSai's communication policies.

9.2 Activities supporting the community

In 2014 UnipolSai, along with all the Unipol Group, paid special attention to building economic citizenship awareness and skills, by considering financial education to be a strategic tool for working alongside the process of improving the regulation of the financial system so as to protect consumers against fraud and deceptive practices. As part of this overall objective, the projects undertaken not only intended to pass on knowledge and skills, but also enable consumers to form an informed opinion and take the right decisions on managing their personal finances. In order to promote financial awareness among consumers, Unipol Group and UnipolSai created "Conoscere l'assicurazione" (Knowing your insurance), a section of the lamiafinanza.it website that includes articles summarising the terms that need to be known, the opportunities and the risks that require specific attention when signing a contract.

The initiative was launched in July 2014 and involved over 3,000 people who read the published articles. Overall the pages of "Conoscere l'assicurazione" were viewed at least once by 115,000 visitors.

Similarly, the Unipol Group and UnipolSai introduced a pilot programme in secondary schools to improve awareness in teenagers and encourage them to adopt conscious behaviour, in order to recognise the seriousness and social costs of risk and to become familiar with mutuality as a value of citizenship. The programme, which on 31 December 2014 had involved 140 students from 7 classes, included classroom work which was aided by virtual modules allowing concepts and contents to be addressed in a digital and interactive way, such as personal risk experience, the decision-making process, the development of solutions and prevention.



9.3 The agency network across the country

The activities carried out directly by the Company are complemented by the initiatives developed by Assicoop and by individual private agencies. The initiatives promoted independently by the agencies allow the development of activities and interventions in the local areas where they operate and of solidarity actions in the poorest countries in the world or in areas affected by natural disasters.

The wide range of activities first of all shows particular sensitivity to situations of economic hardship, constant concern towards future generations and investment in the dissemination of art and culture in order to protect the environment.

Overall, 3,758 initiatives from 259 Agencies were reported. Over 42% were sporting activities involving young people, followed by 28% related to actions supporting greater cultural and artistic dissemination. These are followed by solidarity initiatives (13%) and those relating to Group relations and business (12%), which represent a further significant element of the actions implemented by the sales network throughout the year. The picture is completed with the environmental protection initiatives which represent 4% of the total.

In terms of geographical distribution, nearly a quarter of the activities were organised by the Emilia Romagna agencies, which by number are followed by those in Lombardy (16%), Veneto and Piedmont (12% each), revealing to be the most active regions. Marche and Tuscany were the regions that implemented the greater number of initiatives among the regions of the Centre, while in the South, the Islands were particularly diligent with 6.3% of total actions implemented.

Numerous initiatives organised by the Agencies were developed in coherence and continuity with the Group's guidelines: among these, of particular importance were the contributions to the local activities and those aimed at providing rapid response to emergencies following natural events. Of note, in fact, is the intervention of the entire sales network in favour of the areas affected by flooding in Sardinia thanks to the resources made available by the UnipolSai Solidarity Fund.

The solidarity initiatives included contributions to scientific research, to families at a disadvantage and to centres dealing with violence against women.

Sport instead was the focus of many projects especially in favour of amateur sport associations and of initiatives for educating young people on sports culture.

In the artistic and cultural sector, among the many interventions supporting the arts, education, local schools and other educational institutions, of note is the support offered to the global ethics and equal opportunity programmes of the UNESCO Centre of Turin.

In line with the activities developed by the Company, alongside contributions to the local initiatives promoted by Libera and Member Organisations, the "Think and Drive" activity organised in Campania is worth mentioning as well as the "Drink with your Head" (Bevi con la Testa) project launched in Tuscany to raise awareness in young people on road safety and to discourage the use of alcohol.

With regard to the environment, the Group supported the initiatives promoting a sustainable "0 km" city market within the "Agrikultura" exposition organised in Tuscany and sponsored the initiatives of CAI (Italian Alpine Club) of Reggio Emilia, which included introductory courses for cross-country skiing, trekking and mountain hiking.

A close-up photograph of a person's hands holding a bouquet of white flowers with long green stems. The person is wearing a dark, textured garment. In the foreground, several more green stems and a few white flowers are scattered on a wooden surface. The background is softly blurred, showing a window and a yellow object.

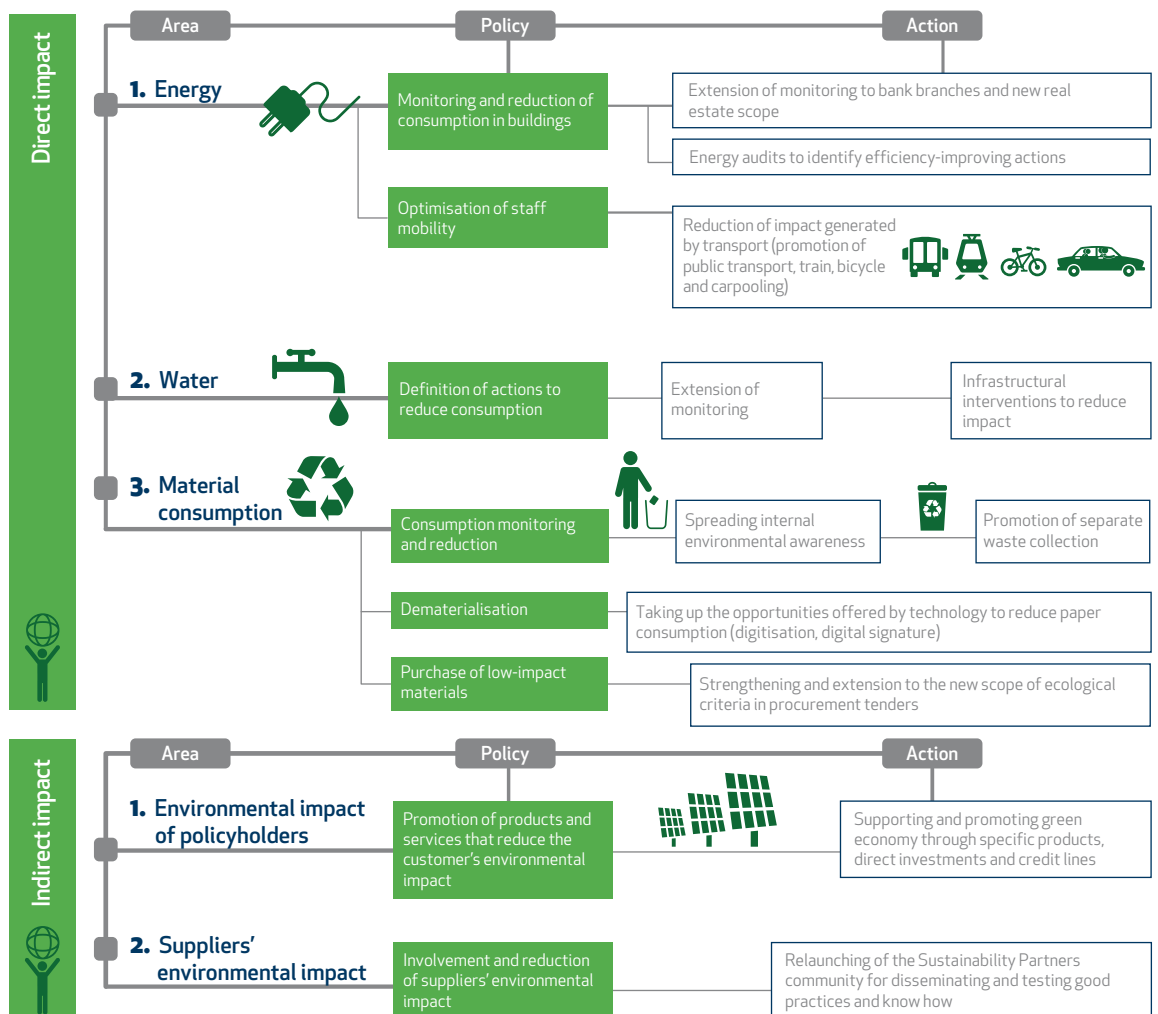
Environmental performance



For the purposes of the Sustainability Report, the environmental impacts of UnipolSai's business activities were split into direct impacts and indirect impacts, in accordance with most commonly adopted international procedure. The former were related to work carried out directly or controlled by the Company, whilst the latter arose out of work that was connected and useful to core business but not controlled directly by the Company.

On the environmental front, 2014 was the year of the integration of consumption detection methods and of the introduction of standardised management and control systems: implementation of the ISO 50001 system on the buildings owned by UnipolSai was started. This included defining a uniform data collection and control process, certifying it and identifying targets for reducing consumption that are evaluated annually. This process was implemented for 3 buildings in 2014: the two main head offices of Bologna (the buildings in Via Stalingrado 45 and Porta Europa) and the head office of San Donato Milanese.

Graph 10.1 Direct and indirect Impact





The direct environmental impacts are discussed in the following paragraphs, divided by energy consumption, water consumption, mobility, use of consumables, waste production and greenhouse gas emissions.

As for the indirect impacts, the commitment to reduce them takes shape in the Company's relationships with individual stakeholders, who are encouraged, in various ways, to contribute with their behaviour to reducing the indirect impacts of UnipolSai. These activities are reported in detail in specific chapters (e.g. the products with environmental features are included in the chapter on customers, the initiatives for employees in chapter 5). Paragraph 10.7, instead, describes the major actions taken in relation to the environment, both for reducing impacts and for spreading a culture and awareness among employees, and reports the main targets achievements.



10.1 Energy and energy efficiency in buildings

Top priority was given to the integration of consumption measurement and monitoring systems in 2014 among the various companies that merged into UnipolSai. This need provided the opportunity to launch an ambitious process for certifying the consumption management system, which was developed using ISO 50001 standard. The activity involved the majority of the Real Estate Department in the drafting of the procedures and the definition of the reduction limits and targets, and called for an in-depth feasibility analysis aimed at selecting and planning the energy efficiency improvement interventions to be achieved in 2015.

As for consumption, data were positive: the combination of a not particularly cold winter and the interventions carried out in previous years which were almost fully operational, reduced electricity and gas consumption in all branches. Consumption of the former Premafin head offices particularly declined, on which the greatest investments were made to improve their efficiency following the merger. The investments made in 2014 for this purpose amounted to €3.5m.

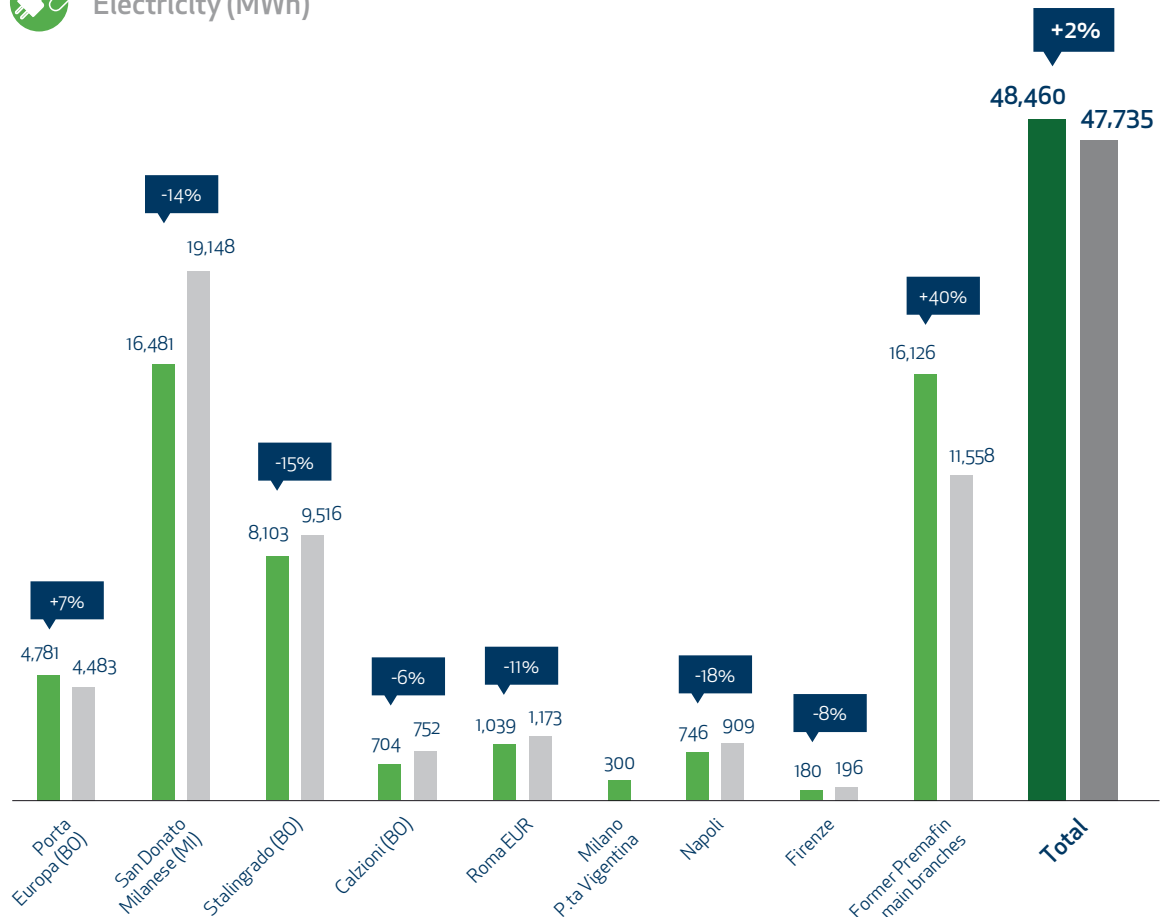
Figures are not comparable for Milano Porta Vigentina because this is the first year it is included in the reporting scope.

Graph 10.2 Energy consumption in main head offices

Source: Real Estate and Diversified Companies Department



Electricity (MWh)



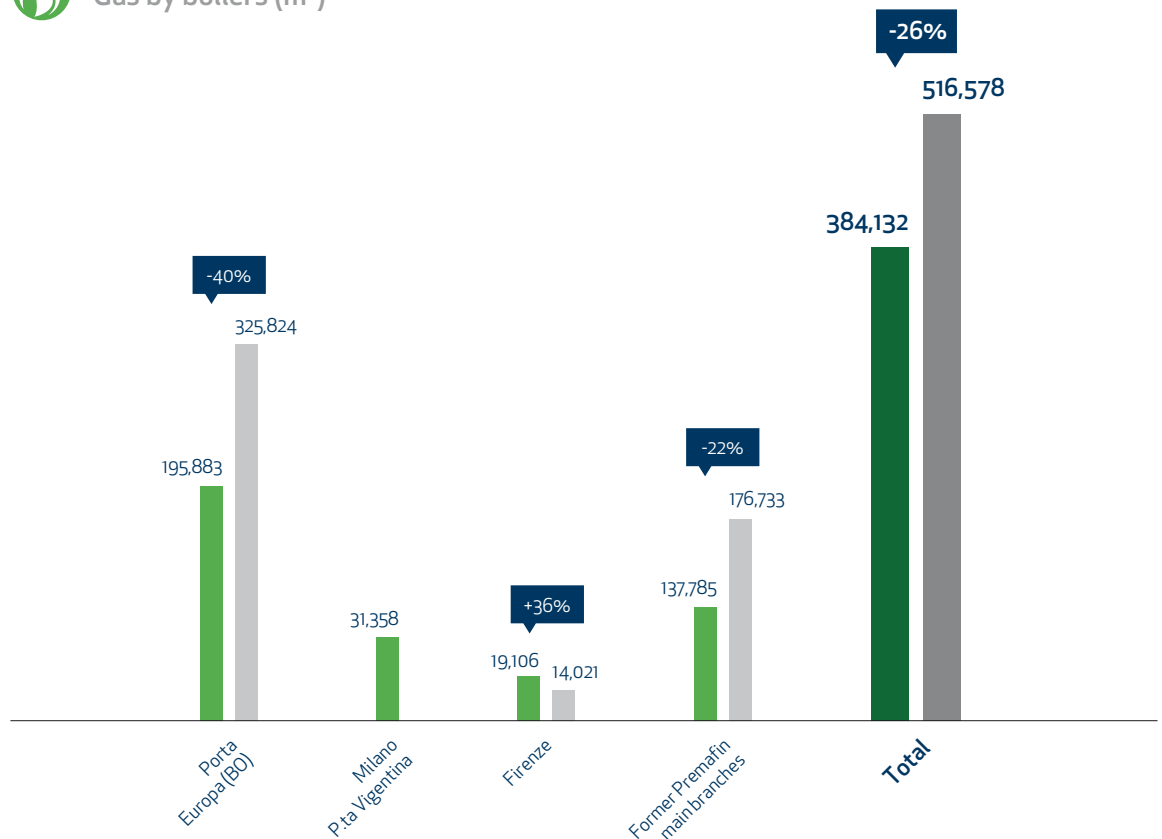


Graph 10.3 Energy consumption in main head offices

Source: Real Estate and Diversified Companies Department



Gas by boilers (m³)



Other interventions that were continued in 2014 regard the information technology structures, among the main causes of energy consumption, after heating, in UnipolSai's business. The **virtualisation of the servers** allowed electricity consumption for the feeding and cooling of IT equipment to be reduced by around 11,079 MWh/year, corresponding to 4,048 tonnes of CO₂ not emitted. Company hardware upgrades continued, with 3,085 replacements (3,038 PCs and 47 printers) in 2014, featuring improved energy performance. The new Data Centre, which envisages the unification of several structures previously scattered throughout the area, is being completed. Made with the most advanced security and efficiency technologies, it will enter into operation in July 2015.



10.2 Water consumption

The water consumption reported in this paragraph refers only to branches from Unipol Assicurazioni because, unfortunately, the consumption of former Premafin head offices are not yet monitored in a systematic manner, so it was impossible to even simply make a reliable estimate.

Milano Porta Vigentina is included in the reporting scope also with regard to water consumption.

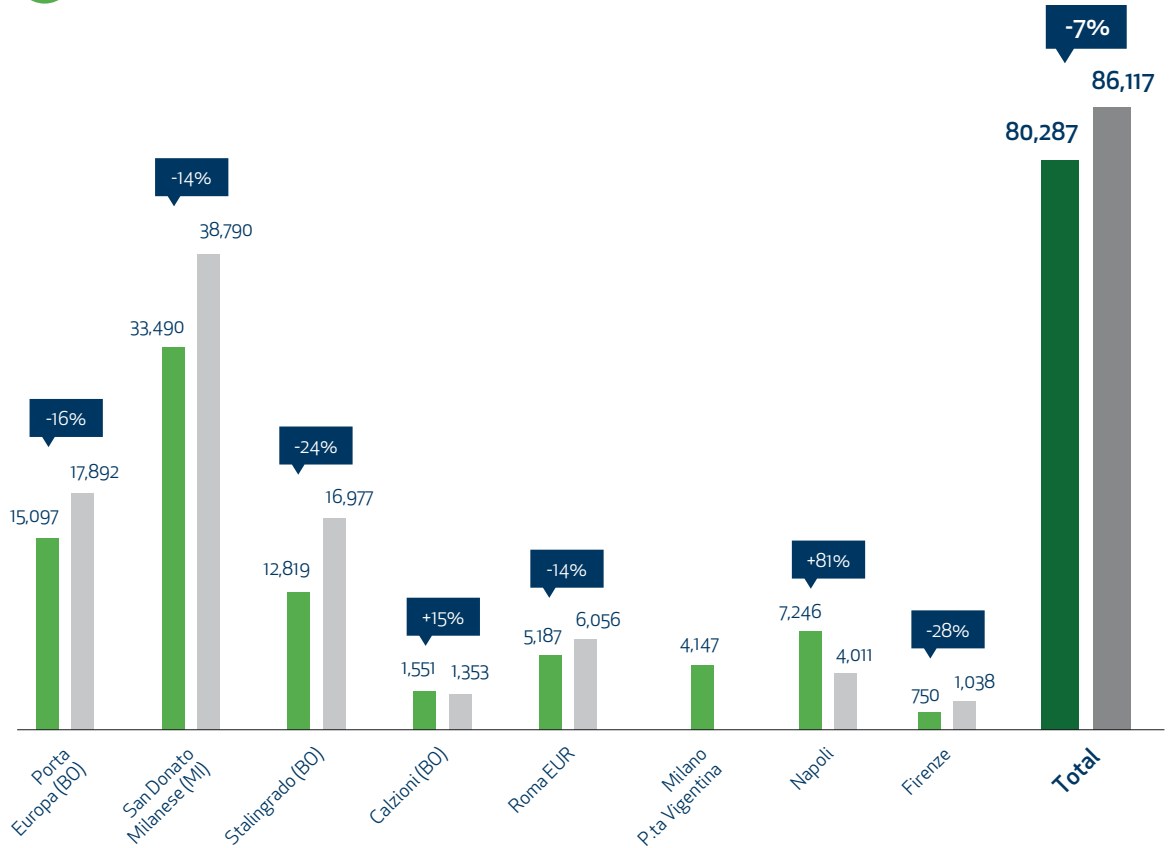
In general, an evident drop in water consumption can be seen for all branches with the exception of Naples.

Graph 10.4 Water consumption in main head offices

Source: Real Estate and Diversified Companies Department



Water consumption (m³)

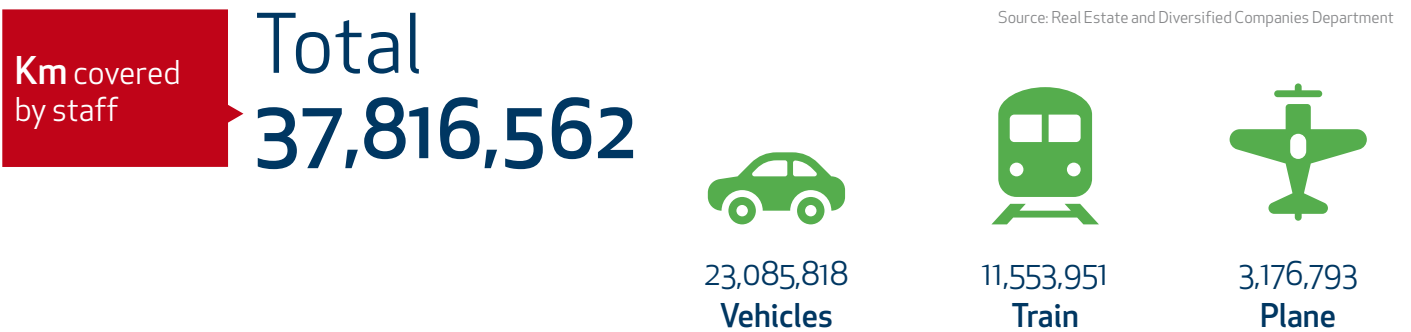




10.3 Mobility

As for employee work journeys, UnipolSai adopted the policies that have been in place for several years in the Unipol Group, which define the guidelines that employees must follow in order to reduce consumption and optimise transport during work. Specifically, the travel policy provides that conference calls must be preferred to face-to-face meetings and, where travelling is necessary, public transport should be used as a priority.

For the first time in 2014, the work journeys of all employees were reported in a unified manner, reaching almost 38 million kilometres overall. Journeys by car continued to prevail, although train journeys increased proportionately. This was due to activities promoting the use of trains, thanks to commercial agreements with transport companies and to the policies mentioned above, but also to the ever-increasing use of video conferencing equipment, which reduces overall work journeys, increases working comfort and optimises time, as well as reducing costs and the emission of pollutants.



In 2014, 23 new video conferencing systems were installed, for a total of 134 systems and an overall investment of over €400k. At the same time, thanks to an additional investment of €100k, the individual software Unified Communications continued to be spread with messaging functions, conference calls, video conferencing and document sharing. The number of enabled users rose to around 6,000 (from 5,500 in 2013), with daily peaks of 800 users connected to the system and a daily peak of around 160 active Lync connections among users.

UnipolSai accesses the Carpooling platform (www.carpooling.partnerdellasostenibilita.it) created by the Unipol Group to optimise work journeys, stimulating employees to share cars and so save fuel and contribute to reducing environmental impact. Over the past years, the platform has also been open to Company suppliers taking part in the Sustainability Partners Project. Carpooling was also included in the travel policy exactly with the aim to spread a culture of sustainability within the entire workforce. To use the carpooling system, before requesting authorisation to travel with their own car, employees having access to the intranet must register their journey in the specific carpooling section. This allows them to see whether the same route has already been scheduled and to share it with other employees. In 2014, 6,847 employees were registered to the platform and 32,832 kilometres were shared.

An experimental **bike sharing** project was introduced in 2014 in the Bologna head offices in partnership with the Emilia Romagna region regarding the purchase of 20 electric bicycles made available to employees for travelling to home and work during the day.

Cooperation with UBM Bologna also continued with the “bike couriers” service used for delivering material in the Bologna area. A total of 377 deliveries was reached, with 1,662.70 less kilometres covered by motorised vehicles for the entire Insurance Business (i.e. UnipolSai and UniSalute), thus avoiding the emission of around 394 kg of CO₂.

Lastly, UnipolSai’s commitment in the transport sector also aimed at stimulating virtuous behaviour in employees, even in activities not strictly related to work. For this reason, the online portal **Unipol ECOMobility** was developed, where employees may find information about all the initiatives, projects and benefits conceived for them, together with an information bulletin board on sustainable mobility.

Regarding travelling to and from work, the Company’s commitment goes beyond simply raising awareness: over the past several years, a system of incentives for the use of public transport has been in place that provides a financial contribution for the purchase of public transport season tickets.

A new experimental project was launched by UnipolSai in November 2014 throughout the Milan area, in cooperation with the Municipality and ATM to stimulate cutting down on vehicle use in the city and promote public transport, and at the same time to reduce risk exposure of individual drivers. The campaign aimed at raising awareness and stimulating the use of public transport “**Ferma l’auto guadagni i mezzi!**” (Stop the car and gain public transport!) addressed drivers living in Milan who practice virtuous behaviour: thanks to the presence of Unibox, the ‘black box’ that registers the driving habits of UnipolSai insured vehicles, the “**Ferma l’auto guadagni i mezzi!**” campaign allowed drivers to gain a credit of €1.50 (i.e. one ATM ticket) for every day that they did not use their car. The device in fact registers when the car is not used from Monday to Friday from 7.30 am to 7.30 pm. The credits accumulated may be collected at any automatic ATM ticket machine. This project is in keeping with the Company’s values and provides an explicit vision of balanced social development, open to all. The main benefit generated by the initiative is the lower emission of CO₂ produced by not using private vehicles and the reduced congestion of traffic due to the lower number of cars in motion and shorter travelling time, as well as a decline in the number of accidents.

10.4 Use of consumables

The decision to use only **FSC** (Forest Stewardship Council) certified paper, which comes from controlled forests and is provided with **Ecolabel** certification, has become a common practice. 98% of the paper purchased in 2014 had these features.

Specifically, for the entire Insurance Business, 779,250 reams of A4 paper (500 sheets) were purchased in 2014. The grammage chosen continued to be the same and is among the lowest on the market (75 g/m²).

As for dematerialisation, work continued in 2014: the investment of over €2.5bn in the year allowed us to extend Advanced Electronic Signature (AES) to the entire UnipolSai network. During 2014, the Company avoided printing over 300 thousand pages, for savings equivalent to 44 tonnes of CO₂.

Finally, as regards printing products, the rationalisation policies and actions undertaken by the Unipol Group were confirmed in UnipolSai. In particular, regarding toner distributed to agencies, pallets are delivered to the main warehouse, which then distributes them to the offices and agencies, together with printed material and photocopying paper, thereby reducing the number of individual shipments. In 2014, 29,699 toner cartridges were purchased, 48% of which were regenerated toner cartridges.



In order to promote a more conscious use of office materials, the **THINK GREEN** initiative was launched in 2014, a column that collects UnipolSai employees' best ideas for a more sustainable office life. The project was developed by the Internal Communications Office and encourages employees to share their ideas and initiatives to reduce consumption through Unit, the Company's video channel. Employees may apply to be interviewed and share environmental best practices with other colleagues.

10.5 Waste management

Waste generated by UnipolSai activities refers mainly to office material. Waste is now collected with differentiated methods: toner and materials for printers, paper, cans and plastic (mainly from vending machines located in the different office refreshment areas) and sanitary waste from infirmaries located in the Company's facilities.

The awareness raising actions undertaken to reduce the production of waste and the incentives to differentiate the collection and disposal process were extended to all new UnipolSai facilities. Specifically, at the end of 2014, in the Porta Europa offices in Bologna, testing was started to promote and further facilitate the separate collection of paper by positioning a container in each work station.

The amount of paper collected separately in 2014 for the entire Unipol Group was around 361.26 tonnes, while 3,832 toner cartridges were collected. In this case also, collection is carried out centrally for the entire Group; figures are not available, therefore, for the UnipolSai head offices.



10.6 CO₂ emissions

The Company's CO₂ emissions were calculated in accordance with Directive 2003/87/EC relating to the emission trading scheme and classified in accordance with the international Greenhouse Gas Protocol Initiative as scope 1, scope 2 and scope 3. This decision was imposed by the desire to make environmental data more transparent and comparable, even to our competitors, and to promote an ethos of environmental disclosure, which was not very common in the sector, and UnipolSai deemed it important in order to evaluate its performance and responsibility in full.

The subdivision into scopes reflects the degree of control the organisation has over its emissions. Scope 1 includes all direct greenhouse gas emissions produced by sources owned by the company. In the case of UnipolSai, these include emissions from gas boilers installed in some of its buildings¹² and from diesel boilers still installed in the head office of Via Senigallia in Milan belonging to the former Premafin Group.

Scope 2 covers the emissions caused by the purchase of electricity, therefore it includes the electricity purchased¹³ and the energy produced by district heating¹⁴.

Scope 3 covers all the emissions that, though linked to Unipol's core business, are not under its direct control. In particular, it includes emissions generated by the trips made by employees.

Following the variation in the reporting scope, it is not possible to compare the figure with previous years.

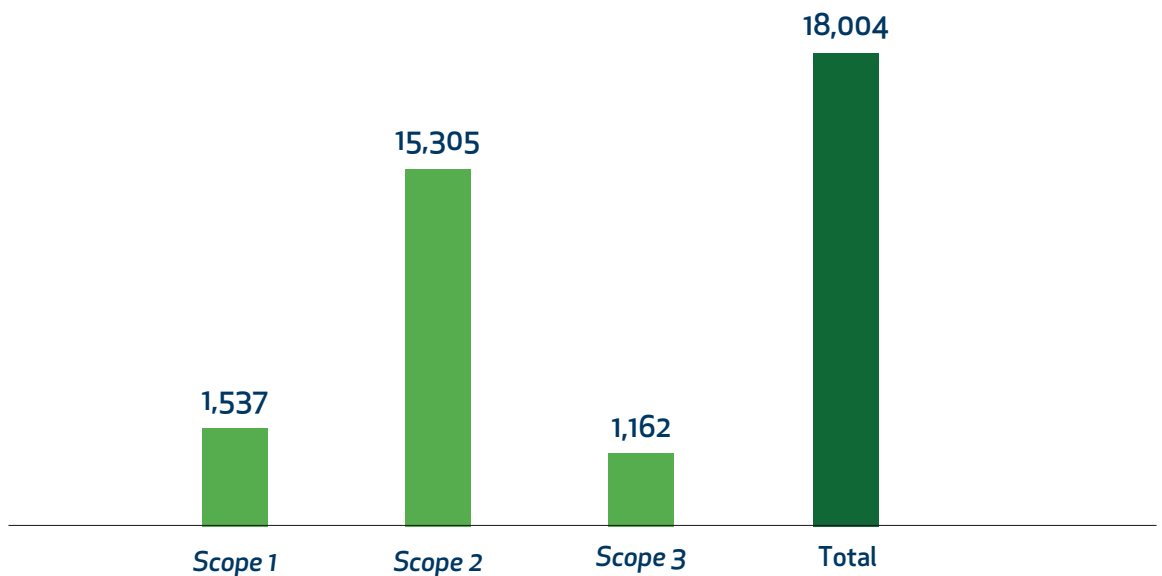
12 - Transformation coefficient 0.0001956 tCo₂/m³ (ISPRA 2015)

13 - Transformation coefficient 0.40 tCo₂/MWh (ISPRA 2015)

14 - Transformation coefficient 0.0002285 tCo₂/MWh, Resolution EEN 3/08, Authority for electricity, gas and the water system.

Graph 10.5 CO₂ emissions (ton CO₂ eq)

Source: Real Estate and Diversified Companies Department





10.7 Awareness raising initiatives

The figures and activities reported in the previous paragraphs regard the policies and the initiatives aimed at reducing UnipolSai's direct impact. The Company's commitment, in line with the Group to which it belongs, deeply focuses also on raising awareness and supporting its customers, employees and local communities, to adopt environmentally friendly behaviour aimed at reducing impact.

Specifically, in 2014, UnipolSai's commitment to **promote climate change adaptation** continued. Thanks to its expertise, the Company strived to create the necessary tools and processes to support citizens and Public Administrations in reducing the risks associated with climate change. This is a topic that impacts directly the insurance companies, but at the same time assigns them a key role in the support of local areas: they can indeed hold a prominent position in promoting adaptation and protecting against the risks arising from an increase in catastrophic events, thereby providing value and sharing the expertise developed over years of activity.

A working group had already been created in 2013 with transversal skills and roles that, throughout 2014, was involved in mapping the vulnerability of the Companies and in defining an action plan in order to allow UnipolSai, over the next Three-year plan, to become the reference Company for these issues.

The first actions that were implemented were:

- drawing up a strategic positioning document with regard to climate change which, in addition to collecting most recent evidence on the subject, also includes UnipolSai's commitments towards promoting climate adaptation. This document, whose drafting involved the Euro-Mediterranean Centre for Climate Change and which was approved by the top management of the Group and of UnipolSai, will form the basis for an information and awareness raising campaign in 2015;
- launching a technical working group for the preparation, together with the Politecnico di Milano, of databases and electronic media in order to offer the market valid insurance coverage for flooding and other catastrophic events;
- building a public-private partnership model to disseminate (especially to SMEs) knowledge of risk assessment and emergency management, and to find virtuous and innovative mechanisms to improve the resilience of local areas;
- selecting, through business incubation initiatives set up with the Unipol Ideas project, start-up companies or business ideas that propose innovative solutions for the protection against catastrophic risks. In particular, cooperation with a start-up that developed an innovative system for the quotation of this kind of risks was started.

The increased likelihood and evidence of these natural risks are increasing people's level of attention and sensitivity towards climate change and reveal that a model managed solely publicly is not sustainable in economic and management terms.

For this reason, 2014 was entirely characterised by intense advocacy activities by UnipolSai designed to steer political attention towards the need for clear and unambiguous rules for the management of damage caused by natural disasters. To date, in fact, the traditional model for the management of damage caused by catastrophic events of a purely public nature has reached such a level of economic unsustainability that in 2012, by way of Italian Decree Law No. 59 of 15 May 2012, the State declared that it would no longer cover reconstruction costs.

Alongside this institutional activity, UnipolSai approved an action plan that specifically included the development of technical solutions catering to customers who wish to protect themselves against the growing risks of climate change; the plan also envisaged the development of a large communication campaign to support the dissemination of information and knowledge on these issues, particularly SMEs, also by using IT systems for measuring risk indirectly caused by catastrophic events.

In order to truly support the fragile situation in Italy, one of the main problems that the Company had to address was the lack of accurate and reliable information about climate change, especially the vulnerability of local

areas and their assets. This issue has potentially huge financial implications and is associated in general with the number of policies sold. Cooperation with highly advanced research centres dealing with these issues, the georeferencing of the assets insured throughout the area and cooperation with local authorities and the Public Administration pointed towards reducing this risk.

Overall, the project involved investments of over €500k but will allow UnipolSai to play an active role side by side citizens, SMEs and Municipalities and so increase the resilience of the local areas.

Unipol Gruppo Finanziario S.p.A.

Ethical and Social Responsibility

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