

**Report on corporate governance
and ownership structures for the 2018 financial year**

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UnipolSai Assicurazioni

**Annual report on
corporate governance
and ownership
structures for the
financial year**

 **2018**

Bologna, 14 March 2019

*This Report is available in the Governance Section of the
Company's website www.unipolsai.com*

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Definitions

For the purposes of this Report and in addition to the definitions provided in the text below, the expressions and / or words capitalised have the following meaning:

Appointed Director: Director appointed by the Board of Directors to oversee the functioning of the internal control and risk management system.

Integrated Consolidated Financial Statements for the Unipol Group: document prepared by Unipol Gruppo S.p.A. that supplements, on a consolidated basis for the Unipol Group, the financial results with sustainability results, drawn up according to the contents of the International Integrated Reporting Framework, issued by the International Integrated Reporting Council (IRCC) in September 2015.

Holding Company, Parent Company, Unipol Gruppo or Unipol: Unipol Gruppo S.p.A., parent company of the Unipol Group.

Private Insurance Code, CAP: Legislative Decree no. 209 of 07 February 2005 with subsequent amendments.

Code of Conduct, Code: the Code of Conduct for listed companies approved in March 2006 and subsequently amended (most recently in July 2018) by the Committee for Corporate Governance and promoted by Borsa Italiana S.p.A., available on the website of the latter www.borsaitaliana.it

Board of Statutory Auditors: the controlling body of the Company

Company, UnipolSai: UnipolSai Assicurazioni S.p.A..

Stock Exchange Committee: Italian Committee for Corporate Governance, comprised of Business associations (ABI, ANIA, Assonime and Confindustria) and professional investors (Assogestioni), as well as by the Italian Stock Exchange itself.

Board of Directors, the Board: the Board of Directors of the Company.

Financial Reporting Officer: Manager charged with preparing company's financial reports, pursuant to Art. 154-*bis* of the TUF.

Financial year or Year: the financial year ended 31 December 2018.

Fundamental Functions: the Audit, Compliance, Risk Management and Actuarial Functions of the Company as a whole.

Group, Unipol Group: Unipol Gruppo S.p.A., and the companies directly and indirectly controlled by this, pursuant to Art. 2359 of the Italian Civil Code.

Insurance Group: The Unipol Insurance Group registered in the List of the Parent Companies pursuant to Article 210-*ter* of the Private Insurance Code, with the structure described in the Register

Instructions to the Regulations of Markets: the Instructions to the Regulations of Markets organized and managed by Borsa Italiana S.p.A.

IVASS or Authority: the Insurance Supervision Institution.

Plan, Business Plan, 2016-2018 Business Plan: the Business Plan for the 2016-2018 three-year period approved on 12 May 2016 by the Board of Directors of UnipolSai.

Shareholders' Meetings Regulation:

Regulation approved by the Shareholders' Meeting on 29 April 2013, last amended with resolution of 27 April 2016, aimed at regulating the orderly and efficient conduct of General Meetings, Ordinary and Extraordinary.

Issuers' Regulation: the Regulations on issuers published by CONSOB by way of Resolution No. 11971 of 1999, with subsequent amendments.

IVASS Regulation 38: IVASS Regulation no. 38 of 3 July 2018, establishing provisions concerning the corporate governance system.

Market Regulation: Regulation on markets issued by CONSOB by way of Resolution no. 16191 of 2007, with subsequent amendments, most recently made with CONSOB Resolution no. 20249 of 28 December 2017, which incorporate the new European regulations on the provision of investment services and markets in financial instruments, as defined by the MiFID2 directive (2014/65/EU) and the MiFIR regulation (600/2014).

Report: this report, containing information about joining the Code of Conduct and corporate governance and ownership structures that UnipolSai, as issuer of listed shares on the regulated market, are required to draw up under Art. 123-*bis* of the TUF (as defined below) and 89-*bis* of the Issuers' Regulation.

Company's website: www.unipolsai.com.

Subsidiaries: the companies controlled, directly or indirectly, by UnipolSai, pursuant to Article 2359 of the Italian Civil Code.

Solvency II: the set of laws and regulations introduced as a result of the adoption of Directive 2009/138/EC of the European Parliament

and the Council of 25 November 2009, on the taking-up and pursuit of the insurance and reinsurance business, in force since 1 January 2016, with subsequent amendments.

Consolidated Law on Finance, TUF:

Legislative Decree no. 58 of 24 February 1998 with subsequent amendments.

Introduction

In accordance with current legal and regulatory provisions also on the subject of reporting on compliance with codes of conduct, this Report aims to provide a periodical and analytical explanation of the corporate governance system and the ownership structures of UnipolSai.

In particular, the information contained in the Report is drafted in compliance with the provisions of art. 123-bis of the TUF and on the basis of the provisions of the Code of Conduct, according to the latest version updated in July 2018¹, to which the Company adheres, and takes into account, as far as necessary, that set forth in the 6th annual Report on the application of the Code of Conduct approved by the Committee for Corporate Governance of Borsa Italiana.

The Report consists of an introductory section describing, among other things, the profile of the Company and of the Unipol Group, the management and control system adopted and the actions undertaken by the Company in terms of environmental, social and governance impact.

Section One contains the main information on the ownership structures and, in particular, on the structure of share capital and share ownership.

Section Two provides detailed information on, inter alia, the composition and functioning of the corporate bodies and the governance practices effectively applied by UnipolSai.

Finally, Section Three is dedicated to the description of the internal control and risk management system, as well as to the procedure relating to intragroup transactions and transactions with related parties, the internal dealing procedure and the processing of privileged information.

The Report ends with the Attachments containing the Tables drawn up in compliance with the requirements of the Code of Conduct.

In order to facilitate the representation of that contained in the Report, in addition to the Table of Contents, each Part features the titles of the topics discussed therein.

Unless otherwise indicated, the information contained in this Report refers to the closing of the Financial Year.

In 2018, the corporate governance structure of UnipolSai was not affected by the provisions of non-national laws.

¹ available on the website of Borsa Italiana S.p.A., in the section of the Committee for Corporate Governance at <http://www.borsaitaliana.it/comitato-corporate-governance/codice/codice.html>

Issuer Profile

UnipolSai is an issuer with shares listed on the Computerised Stock Market managed by Borsa Italiana S.p.A., and at the date of this Report, included during the Financial Year in the FTSE MIB index, which contains the securities with the highest level of capitalisation; the Company is controlled pursuant to Art. 2359, Paragraph 1:1, of the Italian Civil Code, by Unipol Gruppo and is subject to the direction and coordination of the latter, pursuant to Arts. 2497 et seq. of the Italian Civil Code.

UnipolSai is a multi-branch insurance company part of the Unipol Group, operating in the following areas:

- a) insurance, divided into the following sectors:
 - Non-Life and Life;
 - bank-insurance;
- b) real estate;
- c) other activities (including, among others, the financial, health and hospitality sectors).

During the Financial Year, in line with the 2016-2018 Business Plan, the Company pursued the priority objective of ensuring sustainable profitability over time through an action programme aiming to strengthen its own and the Unipol Group's leadership in the Italian insurance market. In this regard, please recall that the Plan is based on four key areas (innovative and distinctive offer, simplified customer and agent experience, more effective physical distribution and excellence of the business operating mechanism) which highlight, amongst other things, the expertise of the Company and the Group in the provision of insurance services and in the application of on-line services to insurance products, leveraging the fact that it has the largest agent distribution network in the insurance business in Italy.

In line with the previous year, the review of the equity structures of the Unipol Group was continued, aimed to achieve greater strengthening of efficiency and effectiveness while respecting the prerogatives of the different companies and their specificity in terms of positioning of their business. In this context, it should be noted that as part of the project aimed at uniting the entire insurance business of the Group under the control of UnipolSai:

- at the meeting on 22 March 2018, the Board of Directors approved the acquisition, by UnipolSai, of the controlling stake (equal to 63.39%) held by Unipol in Arca Vita SpA, which in turn controls, among others, the companies, Arca Assicurazioni S.p.A. and Arca Vita International DAC.;
- having obtained the respective authorisation from IVASS and the other competent Supervisory Authorities, said acquisition was finalized last 7 August 2018; in particular, UnipolSai acquired the aforementioned stake at the price of Euro 475 million from Unipol.

In this regard, reference is made to the information document drawn up by the Company pursuant to art. 5 of the Regulation adopted by Consob by way of Resolution no. 17221 of 12 March 2010 and subsequent amendments, published on 29 March 2018 and available on the Company's website.

During the Financial Year, additional Group policies were adopted and updated, in line with current European and national industry regulations.

The governance system

UnipolSai has chosen to adopt a "traditional" management and control system, which envisages the presence of a Board of Directors (which works with the support of the endo-council Committees, with consultative and propositional functions) and with a Board of Statutory Auditors with control functions on the administration, both appointed by the shareholders. Statutory auditing is entrusted to an auditing firm registered in the appropriate register, appointed by the Shareholders' Meeting based on a justified proposal by the Board of Statutory Auditors.

Recall that the Board of Directors, appointed by the Ordinary Shareholders' Meeting of 27 April 2016, which met on that same date, sharing the vision of reviewing the governance structure, resolved:

- to delay the appointment of an Executive Committee and a Chief Executive Officer, as such appointments were not deemed necessary;
- to appoint a General Manager, attributing to him specific tasks and powers, responsible for the operational management of the Company.

In the context of the governance and the internal control and risk management system, a few internal committees were established by the Board of Directors, or by the General Manager, mainly consisting of the Heads of the Joint Local Departments of UnipolSai, with functions of support to the General Manager in the implementation and supervision of the policies of direction, coordination and operational strategy specified by the Board of Directors.

The role and responsibilities of the aforementioned bodies are explained in detail in the Report below.

UnipolSai and social responsibility

In 2018, the Company actively participated in all the initiatives undertaken by the Group's Ethics Function, through the bodies of the Group (Ethics Committee and Ethics Manager), in compliance with its institutional role of reference regarding compliance with the Group's Charter of Values and the Code of Ethics. In particular, the classroom training project was carried out, planned in 2016 and launched in 2017, aimed at disseminating accurate knowledge about the Charter of Values and the Code of Ethics among all those holding the position of manager within the Unipol Group. Starting from 2019, the project was extended, with an online presence, to all employees and staff of the Group's branches, thus allowing it to consolidate and strengthen internally, as well as with respect to all the Group's stakeholders, the role of the Charter of Values and of the Code of Ethics as essential points of reference for the growth and affirmation of a common innovative, transparent and socially responsible culture.

Please recall that since 1 January 2016 UnipolSai has also created a specific "Sustainability" structure with the objective of ensuring greater control over the development of sustainability policies and processes in the Company, the activities of which are concentrated on the process of integrating sustainability within business planning, control and reporting tools. In this respect, some sustainability key indicators ("KPI" or "Key Performance Indicators") were identified, to be reached in the three-year period of the Business Plan (which supplements the sustainability commitments of the Company and the whole Unipol Group) and some commitments were translated into actions in the Plan, for which UnipolSai plays a leading role. Among the main actions of the Plan involving the Company, the *Life Derris* project was successfully completed aimed at increasing the resilience of SMEs concerning the risks of climate change, the proposition of a Non-Life product specifically directed at the Tertiary Sector and the specification of an innovative offering for the protection of migrants.

In the course of 2018 aside from pursuing the business's sustainable innovation activities through an increasingly integrated collaboration amongst the various company structures, a process has been launched of strengthening Environmental, Social and Governance (so-called "ESG") guidance and control processes based on the adoption of a Sustainability Policy by the Board of Directors. In particular:

- in accordance with the Principles for Responsible Investments (so-called "PRI") endorsed by the Company, an *ex-ante* evaluation model was adopted from the competition for the Sustainable Development Goals of the 2030 Agenda for alternative investments, as well as continuing monitoring of investments based on respect for human and workers' rights, the environment and the fight against corruption;
- a supplier sustainability control system was developed to minimise reputational risks connected to the adoption of conduct harmful to social and/or environmental rights within the supply chain with the obligation to abide by a specific code of conduct for suppliers;
- a distance learning course on Thought and Integrated Financial Statements was created and proposed to all employees.

The path undertaken in 2018 increasingly combined the commitment to sustainable management with company competitiveness, as demonstrated by the continued inclusion of the UnipolSai security in the most important ethical indexes, such as the SRI FTSE4good index, the STOXX index and MSCI (MSCI World Esg leaders & SRI) index, the main ones for Socially Responsible Investing (SRI).

In the real estate segment, the Company further strengthened its commitment to minimising the environmental impact of the relative investments. In this regard, please recall the commitment made by UnipolSai by signing the "Paris Pledge Act" to reduce emissions linked to real estate, obtaining for this purpose the ISO50001 certification on all properties for business use. In addition, the objective of reducing emissions by 15% per employee was introduced into the Business Plan. Lastly, please note that within real estate development, the Company is committed to renovating abandoned properties with inclusive urban renewal projects focused on green building through the "Urban Up" project.

Considerations on the Annual Report of the Committee for Corporate Governance on the application of the Code of Conduct

In line with what has happened in previous years, in December 2018 the Stock Exchange Committee released, in order to encourage an increasingly aware application of the Code, the annual Report on the application of the Code of Conduct and a letter with its own recommendations to the Chairpersons of the boards of directors and statutory auditors of all listed companies, highlighting the activities carried out and the main areas for improvement that have emerged, subsequently brought to the attention of the Directors and the Statutory Auditors of the Company.

The Nomination and Corporate Governance Committee analysed the main areas for improvement highlighted by the Stock Exchange Committee, assessing in relation to them, to the extent of its own responsibility, the alignment of the governance system adopted by the Company, compared to that stated in the Report itself.

In particular, the main areas identified in 2018 by the Stock Exchange Committee, based on which the latter asked the board of directors of issuers (but also, to the extent that the boards of statutory auditors are responsible) for better and more substantial application of the best practices recommended by the Code, are as follows:

- pre-meeting information;
- the concrete and full application of the independence criteria recommended by the Code;
- a board review;
- adequate remuneration policies with the pursuit of sustainability goals by the company's activities in the medium to long term.

With reference to each of these areas, it is specified that:

- the assessment of the adequacy of the information in question falls within the scope of the annual Board Performance Evaluation carried out by the Board of Directors of the Company (as specified below); on this occasion, the Board of Directors has generally appraised the quality of the information received in terms of adequacy and sending methods;
- the current Board of Directors has never disregarded any of the independence criteria set forth in the Code;
- the procedures for carrying out the Board Performance Evaluation (described below in this Report) are suitable for evaluating the individual contribution of each Director, by completing the specific questionnaire and carrying out individual interviews;
- the specific composition of the Company's Board of Directors does not provide for a Chief Executive Officer, nor the granting of management powers to any Director, without prejudice to the fact that aspects linked to remuneration are in any case governed by the sector legislation with which the Company is required to come into compliance for the purposes of drafting remuneration policies.

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PART I

Information on ownership structure

Share capital structure

Shareholder base

Other information

Section I

Information on ownership structures

(Section drafted also pursuant to Art. 123-bis of TUF)

1. Share capital structure

1.1 Composition

At the date of the 31 December 2018 and of this Report, UnipolSai's share capital, fully subscribed and paid up, amounts to Euro 2,031,456,338.00, divided into 2,829,717,372 ordinary registered shares all without nominal value.

The share capital and its composition were not subject to change during the Year and as at the date of the Report.

This composition is summarised in the following table:

| Type and name of shares | No. Shares | Market |
|---------------------------|---------------|--------|
| UnipolSai ordinary shares | 2,829,717,372 | MTA |

1.2 Rights of classes of shares

At the date of this Report there are no categories of shares with special financial rights, as the share capital consists only of ordinary shares.

1.3 Power to increase share capital and authorisations to buy back treasury shares and shares of the Parent Company

1.3.1 Powers to increase share capital

At the date of this Report, no powers have been conferred on the Board of Directors to increase the share capital.

1.3.2 Authorisations to buy back treasury shares and shares of the Parent Company

The ordinary Shareholders' Meeting called on 23 April 2018 authorised the Board of Directors to purchase and sell treasury shares pursuant to Arts. 2357 and 2357-ter of the Italian Civil Code, as well as of shares of the Parent Company, for a period of 18 months from the Shareholders' Meeting resolution.

At the date of this Report (14 March 2019), the Company holds in its portfolio treasury shares and shares of Unipol.

In particular, the Company holds a total of 50,052,345 ordinary treasury shares, of which:

- directly, 1,800,000 treasury shares (equal to 0.064% of share capital);
- indirectly, 48,252,345 shares (equal to 1.705% of share capital) through the following subsidiaries:
 - UnipolSai Finance S.p.A. as to 38,454,775 shares;
 - UnipolSai Nederland BV as to 9,443,258 shares;

- Pronto Assistance S.p.A. for 344,312 shares;
- Arca Vita S.p.A., as to 10,000 shares;

UnipolSai did not use the authorisation to acquire treasury shares during 2018.

With regard to the shares of the Parent Company, at the date of this Report UnipolSai holds 1,189,999 ordinary Unipol shares (equal to 0.166% of the share capital); in particular, the changes in the course of 2018 regarded the allocation, on 2 July, of 1,184,399 Unipol shares to the executives of the Company to implement the compensation plan based on financial instruments for the 2013-2015 period.

Given that the above-mentioned authorisations will expire on 23 October 2019, the Board of Directors on 14 March 2019 voted to propose their renewal at the Shareholders' Meeting called to approve the 2018 financial statements, for an additional period of 18 months.

Specifically, the authorisation to buy and sell treasury shares, in the interests of the Company and in compliance with applicable regulations and accepted market practices, has the following objectives:

- to intervene, directly or through intermediaries, to promote the smooth conduct of trading, against distortions due to an excessive volatility or insufficient market liquidity;
- to take the opportunity to maximise the value that can be derived from market trends - and thus also by pursuing trading objectives - or connected with any strategic transactions of interest for the Company;
- to use treasury shares as a form of investment for the efficient use of the liquidity generated by the core activity of the Company and/or for the allocation of the shares to implement the compensation plans based on financial instruments, pursuant to Art. 114-*bis* of the TUF;
- to use these shares to ensure, if necessary, the overall consistency of transactions that create the need to place fractional shares of the Company's capital.

The acquisition and disposal of shares of the Parent Company, in the interests of the Company and in compliance with applicable regulations and accepted market practices, has the following objectives:

- to take the opportunity to maximise the value that can be derived from market trends- and thus also by pursuing trading objectives- or connected with any strategic transactions of interest for the Company;
- to use such shares as a form of investment for the efficient use of the liquidity generated by the core activity of the Company and/or for the allocation of the shares to implement the compensation plans based on financial instruments, pursuant to Art. 114-*bis* of the TUF.

The proposal put forward by the Board of Directors to the Shareholders' Meeting of 17 April 2019 provides for the purchase and sale of treasury shares and shares of the Parent Company in the quantities and with the procedures set out below:

- the acquisition may be carried out up to the maximum amount permitted by law and, where applicable, allowed by market practice, in the manners provided for by Art. 132 of the Consolidated Law on Finance and Art. 144-bis, Paragraph 1, lett. a), b), c) and d-*ter*) of the Issuers' Regulation, as well as by any other applicable provision;
- the disposal may be made in the manner permitted by the applicable laws, also by carrying out, one or more times, a series of acquisition and sale transactions, until the expiry of the term of the authorisation;
- the acquisition and disposal may be carried out at a price of no more than 15% above and no less than 15% below the reference price recorded by the respective securities on the trading day prior to the date of each transaction, and in any case in compliance with the maximum limit of Euro 100 million expenditure for treasury shares and Euro 50 million for the shares of Unipol.

1.4 Share transfer restrictions, ownership limits and acceptance clauses

The existing Company's By-Laws of UnipolSai set no restrictions on the transfer of shares, nor limits to their ownership, nor acceptance clauses.

2. Shareholder base

The total number of Shareholders of UnipolSai, as shown by the Register of Shareholders at the date of this Report, is approximately 50 thousand.

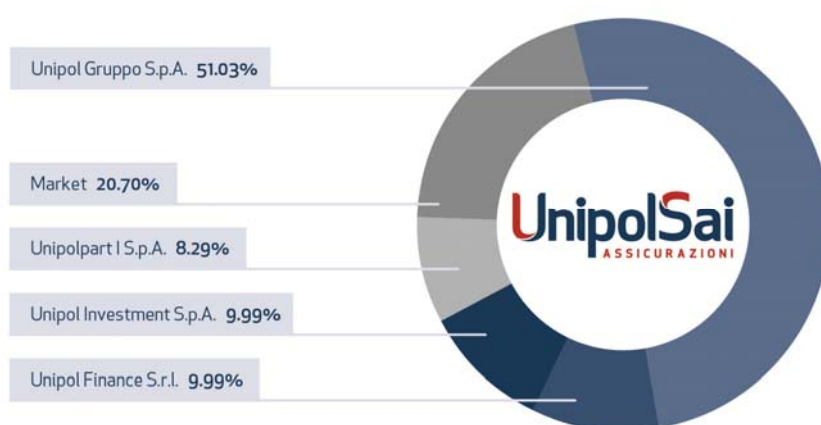
2.1 Relevant shareholdings in the share capital

Relevant shareholdings in the Company, which directly or indirectly, through an intermediary or trust companies, exceed 3% of the share capital with voting rights, as of the date of this Report, as resulting from the register of the Shareholders and the communications received by law, were:

| Registrant | Direct Shareholder | % held |
|----------------------|--------------------------|--------|
| Unipol Gruppo S.p.A. | | 79.304 |
| | Unipol Gruppo S.p.A. | 51.027 |
| | Unipol Finance S.r.l. | 9.992 |
| | Unipol Investment S.p.A. | 9.999 |
| | Unipolpart I S.p.A. | 8.286 |

The allocation of the share capital is shown below:

Main Shareholders of UnipolSai Assicurazioni as of 13th March 2019



2.2 Special control rights

No securities conferring special control rights have been issued.

2.3 Mechanism for the exercise of voting rights in the system of employee shareholding

There is no system of employee shareholding.

2.4 Restrictions on voting rights

There are no restrictions on voting rights, it being understood that the UnipolSai treasury shares and those held by Subsidiaries are deprived by law of this right.

2.5 Agreements between Shareholders

The excerpt of the agreement between Unipol and the incorporated Premafin HP S.p.A., concluded on 29 January 2012 (as subsequently amended) was published in the Italian press most recently on 27 June 2012; the description of the essential elements of the agreement can be found on the CONSOB website in the section about the Company.

2.6 Change of control clauses

UnipolSai has concluded distribution agreements for insurance products with the Unicredit Group that may lapse in the event of change of control of UnipolSai itself.

Please note that in the course of the Financial Year 2017 the distribution agreement existing between Popolare Vita S.p.A. and Banco BPM S.p.A. was terminated; UnipolSai also exercised the put option available to it on the basis of the shareholders' agreement with Banco BPM, concerning the investment held by the Company in Popolare Vita, equal to 50% of its share capital plus one share. This sale took place on 29 March 2018.

As of the date of this Report, there are no lending agreements containing change of control clauses.

Other financing agreements signed by some Subsidiaries provide for the early repayment and/or withdrawal of the lender in the event of direct and sometimes indirect ownership changes.

2.7 Controlling entity and co-ordination and direction activities

The Company is controlled pursuant to Art. 2359, Paragraph 1:1 of the Italian Civil Code, by Unipol Gruppo S.p.A., which - as of the date of this Report - holds, directly and indirectly, a stake equal to 79.3% of the ordinary share capital.

Pursuant to Art. 2497 et seq. of the Italian Civil Code, as from 14 November 2012 Unipol exercises direction and coordination over UnipolSai and the subsidiaries of the latter.

Also with effect from 14 November 2012, UnipolSai has become part of the Unipol Insurance Group, headed by Unipol, entered under no. 46 in the Register of Parent Companies as set forth in Art. 210-ter of the Private Insurance Code and IVASS Regulation no. 22 of 1 June 2016.

On 15 December 2017, the non-proportional global spin-off became effective of the former indirect holding company Finsoe S.p.A. (the "Spin-off") in favour of as many beneficiary companies - established during the spin-off - as there were Finsoe shareholders at the effective date, each of which became 100% owner of the share capital of just one of the beneficiary companies. On 13 December 2017, a large majority of the beneficiary companies entered into - along with the respective former Finsoe shareholders (all signatories, jointly, the "Parties to the Agreement") and as of the effective date of the Spin-off - a shareholders' agreement pursuant to Art. 122 of the TUF, which is classified as a voting and lock-up agreement on the Unipol shares restricted by it and which substantially re-proposes the governance of the former Finsoe, without any of the Parties to the Agreement having control, either individually or jointly, over Unipol.

During 2018, some of the aforementioned beneficiary companies merged by incorporation with their respective parent companies, which therefore adhere directly to the Shareholders' Agreement.

Lastly, from 15 December 2017, following the afore-described Spin-off of the former holding company, Finsoe S.p.A., Unipol became, for all intents and purposes, the "ultimate Italian holding company" pursuant to the provisions set forth in the Private Insurance Code and the relative implementing provisions, maintaining the role of Parent Company of the Unipol Insurance Group as well as of the Unipol Banking Group.

3. Other information

3.1 Compensation of Directors

There are no agreements between the Company and the Directors providing for compensation in the event of resignation, revocation of mandate/appointment or cessation of this following a takeover bid. Similarly, there are no agreements providing for the assignment, or the maintenance, of non-monetary benefits for persons who have ceased their position or the conclusion of consulting contracts for a period subsequent to the termination or compensation for non-compete obligations, nor are there, finally, plans for the succession of Directors.

For more detailed information on this subject, reference is made to the Remuneration Report under Art. 123-*ter*, TUF, available on the Company's website.

3.2 Rules concerning the operation of the Shareholders' Meeting

The call and operation of the Shareholders' Meeting are governed by Arts. 8, 9, 10, 11 and 12 of the By-Laws as well as by the Shareholders' Meetings Regulation.

For a brief description of these rules, reference is made to Chapter 4, Section II, of this Report.

3.3 Rules for the composition, appointment and operation of the corporate bodies

The composition, appointment and operation of the Board of Directors and, where appointed, the Executive Committee are governed by Arts. 13, 14, 15, 16, 17 and 18 of the By-Laws.

For a brief description of these rules, reference is made to Chapters 5 and 10, Section II, of this Report.

3.4 Rules on the amendments of the By-Laws

Amendments to the By-Laws are resolved by the extraordinary Shareholders' Meeting or by the Board of Directors, limited to those amendments made to align the By-Laws with legal and regulatory provisions.

3.5 Main features of the internal control and risk management system with regard to financial reporting

The description of the main features of the internal control and risk management system with regard to the Company's financial reporting is found in Chapters 14 and 15, Section III, of this Report.

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PART II

Governance system and information on implementation of the provisions of the Code of Conduct

Shareholders' Meeting

Board of Directors

The Chairman

The Deputy Chairman

The Chief Executive Officer

The General Manager

The Board Committees

Board of Statutory Auditors

Auditing Company

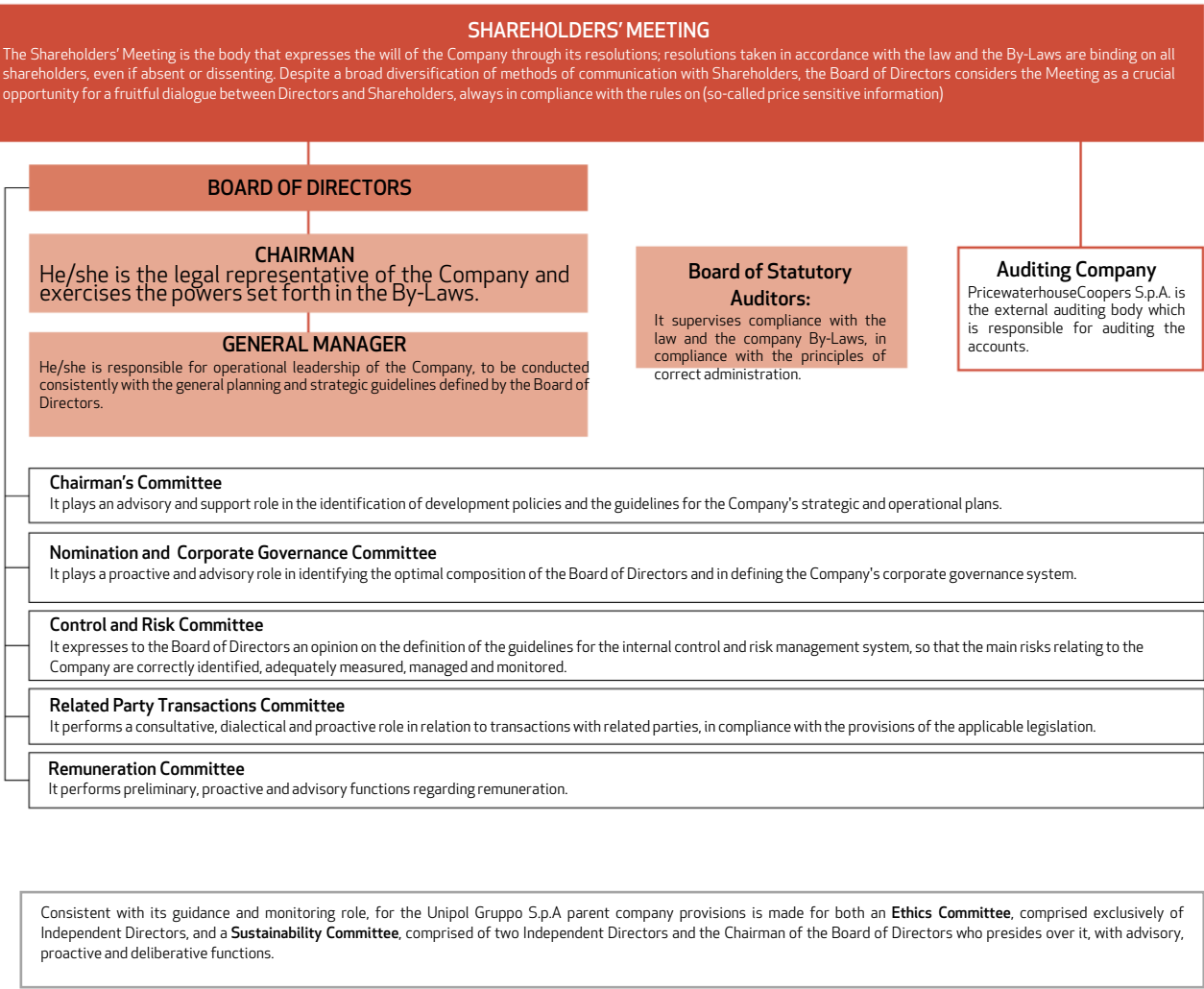
Relationship with the Shareholders

Section II

Governance system and information on the implementation of the provisions of the Code of Conduct

(Section drafted also pursuant to Art. 123-bis of TUF)

Summary diagram of the governance model adopted by UnipolSai



4. Shareholders' Meeting

The Shareholders' Meeting is the body that expresses the will of the Company; resolutions taken in accordance with the law and the By-Laws are binding on all Shareholders, even if absent or dissenting.

The Board of Directors considers the Shareholders' Meeting, despite the broad diversification of the methods for communicating with Shareholders, to be an important moment for fruitful dialogue between Directors and Shareholders, moreover in accordance with the provisions on so-called price sensitive information.

Pursuant to Art. 9 of the By-Laws, as allowed by relevant legal provisions in force, the ordinary and extraordinary Shareholders' Meetings are convened on a single call, with the quorum for the meeting and the voting prescribed by legal provisions, without prejudice to the possibility that the notice of call might also set later calls in accordance with Art. 2369, Paragraph 1 of the Italian Civil Code.

The Shareholders' Meeting is chaired by the Chairman of the Board of Directors or, in case of his/her absence by the eldest Deputy Chairman, or in his/her absence by a person elected by the majority of the capital represented.

According to the By-Laws, the Board of Directors may stipulate, in relation to individual Meetings and in compliance with the existing legislation on the subject, that the exercise of the intervention and voting rights be exercised remotely, also by electronic means of communication, provided that the necessary requirements for the identification of the entitled parties and the security of communications are met. In this case, the notice of call must specify, also by reference to the Company's Website, the methods to participate in the activity of shareholders' meetings.

During the Meeting, all those entitled to vote are allowed to speak on any topic under discussion and to make comments and proposals. Those wishing to participate must ask the Chairman, who oversees the discussions by giving the floor to those who have requested it, according to the chronological order of reservation.

The Company may identify for each Meeting a designated representative to whom Shareholders may grant delegation with voting instructions on all or some of the proposals on the agenda; the identity of the representative and the procedures and time limits for the conferral of powers are set out in the notice of call of the Meeting.

The Board of Directors ensures the Shareholders receive adequate information by making available to the public, under the terms and conditions of the law, explanatory reports on the proposals for consideration by the Meeting.

The members of the Board of Directors must attend the Shareholders' Meetings.

The Regulation of the Shareholders' Meetings, approved by the latter and available on the Company's website (www.unipolsai.com/it/Governance/assemblee/Pagine/Regolamento-Assemblee.aspx), regulates the operation of the Shareholders' Meeting itself.

5. The Board of Directors

Number of meetings during the Year: 9.

Average length of meetings: 2 hours, approximately.

Average participation: 93%.

Number of meetings planned for 2019: 9 (of which 2 already held as at the date of this Report).

5.1 Role, responsibilities and operation

The Board of Directors is invested with the broadest powers for the ordinary and extraordinary management of the Company. It therefore has the right to perform all acts, including disposals, which it considers desirable for the achievement of the purpose of business, excluding only those that the law expressly assigns to the Shareholders' Meeting.

In line with the principle of the centrality of the administrative body, Art. 17 of the Company's By-Laws has assigned to the competence of the Board of Directors, in addition to the resolutions on the issue of non-convertible bonds, the resolutions concerning:

- i) mergers, in the cases provided by Articles 2505 and 2505-bis of the Italian Civil Code, also when reference thereto is made, for de-mergers, by Art. 2506-ter of the Italian Civil Code;
- ii) the opening or closure of secondary offices;
- iii) the indication of which among the Directors - in addition to the Chairman, the Deputy Chairmen and Chief Executive Officers - and among the Managers of the Company have the power to represent the Company pursuant to Art. 21 of the By-Laws;
- iv) the reduction of the share capital following withdrawal of a Shareholder;
- v) the amendments to the By-Laws required to comply with the prescriptions of law;
- vi) the transfer of the registered office within the territory of Italy.

Pursuant to the law, the By-Laws and the internal policies in force, the Board, inter alia:

- a) reviews and approves the strategic, financial and business plans of the Company, including consolidated, regularly monitoring their implementation;
- b) defines:
 - the tasks and responsibilities of the corporate bodies and the Company Control Functions, information flows, including their timing, among these Functions and corporate bodies as well as the method of coordination and collaboration, if the control remits have areas of potential overlap or make it possible to create synergies;
 - the nature and level of risk consistent with the strategic objectives of the Company and its subsidiaries, including in its valuations all the risks that may assume importance in light of the medium to long term sustainability;
- c) appoints one or more Directors responsible for the internal control and risk management system chosen among its members;
- d) after hearing the opinion of the Control and Risk Committee:
 - sets the reference guidelines of the internal control and risk management system, to ensure that the main risks for the Company and its Subsidiaries are correctly identified and adequately measured, managed and monitored, assessing also the compatibility of these risks with the Company's management consistent with identified strategic objectives;
 - assesses, at least once a year, the current and future adequacy of the internal control and risk management system with respect to the features of the Company and its subsidiaries and to the risk appetite set as well as its effectiveness and its ability to grasp the evolution of corporate risks and the interaction between them;
 - approves, at least once a year, the working plans prepared by the heads of the Control functions, after consulting the Board of Statutory Auditors and the Appointed Director;
 - describes, in the report on corporate governance, the main features of the internal control and risk management system and the methods of coordination among the subjects involved in it, providing an assessment of the adequacy of that system;
 - assesses, after consulting the Board of Statutory Auditors, the conclusions set out by the statutory auditor in the letter of suggestions and report on key issues identified during the statutory audit;
- e) requires the prompt reporting of the most significant weaknesses, giving timely directions for corrective measures, of which it later evaluates the effectiveness;
- f) determines the risk appetite in line with the objective of safeguarding the assets, establishing consistent levels of risk tolerance which are reviewed at least once a year, to ensure their effectiveness over time.

- g) appoints, replaces and revokes, on a proposal from the Appointed Director - after receiving the favourable opinion of the Control and Risk Committee and having heard the Board of Statutory Auditors - the heads of the Company Control Functions, while respecting the eligibility requirements for the position, in terms of reputation and professionalism, established by the company policy in this regard approved by the UnipolSai board of directors pursuant to regulatory provisions in force (the "Fit&Proper Policy"), ensuring that they are provided with adequate resources to carry out the tasks and defining their remuneration pursuant to the Remuneration Policies adopted by the Company;
- h) may establish internal commissions and committees with proposals and advisory functions, as deemed appropriate and necessary for the correct operation and development of the Company, ensuring that there is adequate and continuous interaction between them, the Top Management and the Control Functions;
- i) defines, after assessing the proposals of the Remuneration Committee, general policies containing guidelines for the remuneration of Directors and Key Managers (including the Heads of the Company Control Functions), as well as the Risk Takers, to be approved pursuant to the applicable legislation;
- j) appoints and removes the members of the Supervisory Body of the Company pursuant to Legislative Decree no. 231/2001; sets, with the support of the Remuneration Committee, the remuneration of those members; approves, annually and on a proposal from the Supervisory Board, the estimates of expenditure, including on an extraordinary basis, necessary for the performance of the supervisory tasks laid down by the organisation and management model, as well as the statement of expenditure of the previous year;
- k) assesses the general performance, taking into account, in particular, the information received from the delegated bodies, and periodically comparing the results achieved with those planned;
- l) carries out, at least once a year, with the support of the Nomination and Corporate Governance Committee, an evaluation of the operation of the Board of Directors and its Committees (the "Board Performance Evaluation"), as well as of their size and composition, taking into account factors such as the characteristics of professional managerial experience and the gender of its members, and their seniority in office;
- m) taking into account the results of the assessment referred to in the previous paragraph, gives the Shareholders, before the appointment of the new administrative body, guidelines on the professional but also managerial figures whose presence in the Board is deemed appropriate;
- n) approves, ensuring adjustment to the context, the system of delegation of powers and responsibilities of the Company, taking care to avoid excessive concentration of powers in a single party and monitoring the exercise of delegated powers, providing for adequate emergency plans (the so-called "contingency arrangements") if it decides to take over the delegated powers;
- o) approves the guidelines and policies that apply to the Company as required by industry regulations.

Further competencies reserved to the Board of Directors are envisaged by (i) the policies adopted by the Company with regard, amongst other things, to underwriting and insurance investment, reservation and disposal of financial assets, equity and real estate, financing and management of credit and (ii) the internal system of delegation of powers granted to the General Manager. This legislation seeks to ensure that the Board of Directors examines and resolves on significant transactions of strategic importance and major amount.

Under Art. 15 of the By-Laws, the Board of Directors will meet at least quarterly and whenever the Chairman, or other person standing for the Chairman, deems it appropriate, or when it is requested by at least three Directors. The Board of Directors may also be called, after communication to its Chairman, by at least one Statutory Auditor.

The resolutions are adopted with the favourable vote of the majority of the Directors attending the meeting, unless otherwise provided by law; in case of a tied vote, the vote of the Chairman of the meeting prevails.

The General Manager, in particular, reports regularly to the Board of Directors on the situation in the individual business sectors of the Company, and its objectives and activities, comparing them with the forward-looking plans and the expected results.

For the accomplishment of its tasks, the Board has made use of the activities of Committees, including:

- the Remuneration Committee, the Nomination and Corporate Governance Committee and the Related Party Transactions Committee, which have provided advice and made proposals to be submitted to the Board of Directors with regard to specific matters within their mission;
- the Control and Risk Committee, which has regularly reported on the analysis and the activities carried out, the findings and proposals for measures and initiatives to be launched, delivering opinions to support the administrative body on specific matters within its competence.

The Board reviewed the adequacy of the organisational, administrative and accounting procedures and, in particular, of the internal control and risk management system of the Company and its main Subsidiaries, with the support of the Appointed Director on the basis of the regular reports of the Control and Risk Committee and the Company Control Functions (in this regard see the relevant chapter).

The explanatory report on the issues discussed is usually submitted to the Directors and Board of Statutory Auditors in the days leading up to meetings, with appropriate highlighting of salient aspects of the items on the agenda (Executive Summary), except in cases of urgency and/or non-disclosure requirements. This documentation is made available electronically (Virtual Data Room): as well as allowing more efficient management both in terms of shorter times and high standards of privacy ensured, this puts in place effective measures for compliance with the requirements set in Legislative Decree no. 231/2001 and in the Code of Conduct.

With reference to issues on the agenda, the necessary information will be in any case provided during the Board meetings, in particular where for the reasons mentioned it is not possible to provide the necessary information with reasonable advance notice.

5.2 Appointment and replacement of Directors

Pursuant to laws and current By-Laws as of the date of this Report, the Directors are appointed by the Shareholders' Meeting on the basis of lists submitted by those entitled, which contain the names of candidates, of no more than nineteen, identified by a sequential number. The lists containing a number of candidates equal to or greater than three must indicate a number of candidates belonging to the less represented gender to ensure, within each list, respect for the balance between genders at least to the minimum extent required by the legislation and regulations in force at the time.

Lists containing a number of candidates equal to at least the minimum number of members of the Board of Directors set forth by the By-Laws must also contain and expressly indicate parties satisfying the independence requirements established by the provisions, including of a regulatory nature, in force at the time. Where the number of candidates meeting the requirements in question is equal to the minimum number established by said provisions, the last sequential number of said lists cannot be assigned to an independent candidate.

The Company's Shareholders' Meeting on 23 April 2018 amended the former Bylaws, in line with the CONSOB guidelines and with market best practices, thereby eliminating the obligation to indicate a minimum number of candidates in the lists, in order to make it easier to submit lists for the appointment of minority Directors. This is aimed, in particular, to allow the presentation of "short" lists which, therefore, may contain only one candidate.

Each entity submitting a list, the parties to a material shareholders' agreement for the purposes of Art. 122 of the TUF, regarding financial instruments issued by the Company, the parent company, subsidiaries and those which are subject to common control for the purposes of Art. 93 of the TUF, cannot submit nor participate in submitting more than one list, not even through a third party or a trust company, nor can vote, not even through a third party or a trust company, for lists other than the list they have submitted individually or jointly with others. Any support and votes cast in breach of such provision shall not be allocated to any list.

A candidate can appear on only one list, on pain of ineligibility.

The right to submit a list pertains to Shareholders who, alone or together with other Shareholders, hold a stake identified pursuant to the legal or regulatory provisions in force at the time and which shall be from time to time indicated in the notice of call of the Shareholders' Meeting. With reference to the appointment of the Board of Directors in force by the Shareholders' Meeting of 27 April 2016, said stake, identified by CONSOB in its Resolution no. 19499 of 28 January 2016, was equal to 1% of ordinary share capital.

Ownership of the shareholding required for submitting lists is based on the shares registered to the Member(s)/proxy(ies) on the day on which the lists are deposited with the Company.

If during the year one or more Directors cease to hold office, as long as the majority still consists of Directors appointed by the Meeting, the procedure, pursuant to Art. 2386 of the Italian Civil Code, will be as follows:

- a. the Board will make the replacement from the persons belonging to the same list to which the outgoing Director belonged and the Meeting will resolve, by statutory majorities, on the same criterion;
- b. if there are no more non-elected candidates from said list or there are no candidates with the prescribed requisites, or if for any reason whatsoever it is not possible to proceed pursuant to a), the Board of Directors first, and the Shareholders' Meeting thereafter, resolve on the replacement with the majorities provided by law, disregarding the voting list mechanism.

If the majority of the Directors appointed by the Meeting ceases to apply, the entire Board is understood to have resigned and the remaining Directors must convene the Meeting for the appointment of the entire new Board.

5.3 Composition

The By-Laws allocate the management of the Company to a Board of Directors composed of no less than 9 and no more than 19 members, appointed by the Shareholders' Meeting, after having established the number, and meeting the requirements of suitability for the office as set forth in the applicable laws and regulations.

The Directors hold office for three financial years or for the minimum amount of time established by the Shareholders' Meeting in the context of the appointment and may be re-elected.

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

In accordance with Art. 13 of the By-Laws and pursuant to current legislation and regulations, the appointment of the members of the Board of Directors took place on the basis of the lists submitted, in accordance with the law and the By-Laws, one by the Controlling Shareholder Unipol and the other, jointly, by some asset management companies and institutional investors holding a stake of 1.113% of the share capital of the Company. These lists were accompanied, inter alia, by the statements in which the individual candidates declared that there were no grounds for ineligibility or incompatibility, and that the requirements for their respective positions were met, and by curriculum vitae of their personal and professional characteristics with appropriate indication of their suitability to qualify as independent under the Code of Conduct and Art. 147-ter of the TUF and the existing provisions of law. The lists with the aforementioned statements are available in the Governance Section/Shareholder's Meetings/Shareholder's Meeting-April-2016 of the Company's website.

Furthermore, for the purpose of the mentioned appointment, the Shareholders were able to consider the "Advice for Shareholders on the size and composition of the new Board of Directors", expressed in view of said Meeting of the expiring Board of Directors, with the support of the Nomination and Corporate Governance Committee, taking into account the outcome of the Board Performance Evaluation. In expressing its Advice, the outgoing administrative body also had taken the applicable insurance sector regulations into account, according to which specific requirements of professionalism, integrity and independence must be met by the individual members of the Board and by the Board as a whole.

The mentioned Shareholders' Meetings of 27 April 2016 authorised, pursuant to Art. 2390 of the Italian Civil Code, within the limits of the law (and, therefore, in compliance with the provisions of Art. 36 of Decree-Law no. 201 of 6 December 2011, converted with amendments by Law no. 214 of 22 December 2011 on the so-called "prohibition of interlocking") the exercise of concurrent activities by the members of the Board of Directors.

On 23 April 2018, the Shareholders' Meeting confirmed the Directors, Mrs Cristina De Benetti and Mr. Vittorio Giovetti, appointed by the Board of Directors during the previous year to replace resigning Directors.

The Board of Directors, upon appointment, duly fulfilled the obligations assigned to it by law with regard to the verification that its members meet legal and statutory requirements, in terms of good repute, professionalism and independence, and absence of legal obstacles, of grounds of disqualification and incompatibility situations. This assessment was carried out in compliance with the Fit&Proper Policy, adopted by the Company, and is also conducted periodically by the administrative body, on an annual basis, most recently at its meeting on 10 May 2018.

On 10 May 2018, the Board of Directors verified the legal requirements of the same as well as the members of the Board of Statutory Auditors appointed at the same Shareholders' Meeting.

Mr Roberto Giay, Head of the Governance, Human Resources and Legal Joint Department of the Company, has been elected pursuant to Art. 14 of the By-Laws as Secretary of the Board of Directors.

The structure, composition and any additional information required by the Code of Conduct concerning the Board of Directors are shown in Tables 1 and 2 attached to the Report.

The CVs of the Directors currently in office can be found on the Company's website, in the Governance/Boards and Officials/Board of Directors section.

5.4 Diversity policy

At the meeting on 7 February 2019, the Board of Directors approved, pursuant to art. 123-*bis* of the TUF and the recommendations contained in this regard in the Code of Conduct, the "Diversity Policy with regard to the composition of the Board of Directors and the Board of Statutory Auditors of UnipolSai S.p.A." (the "Diversity Policy").

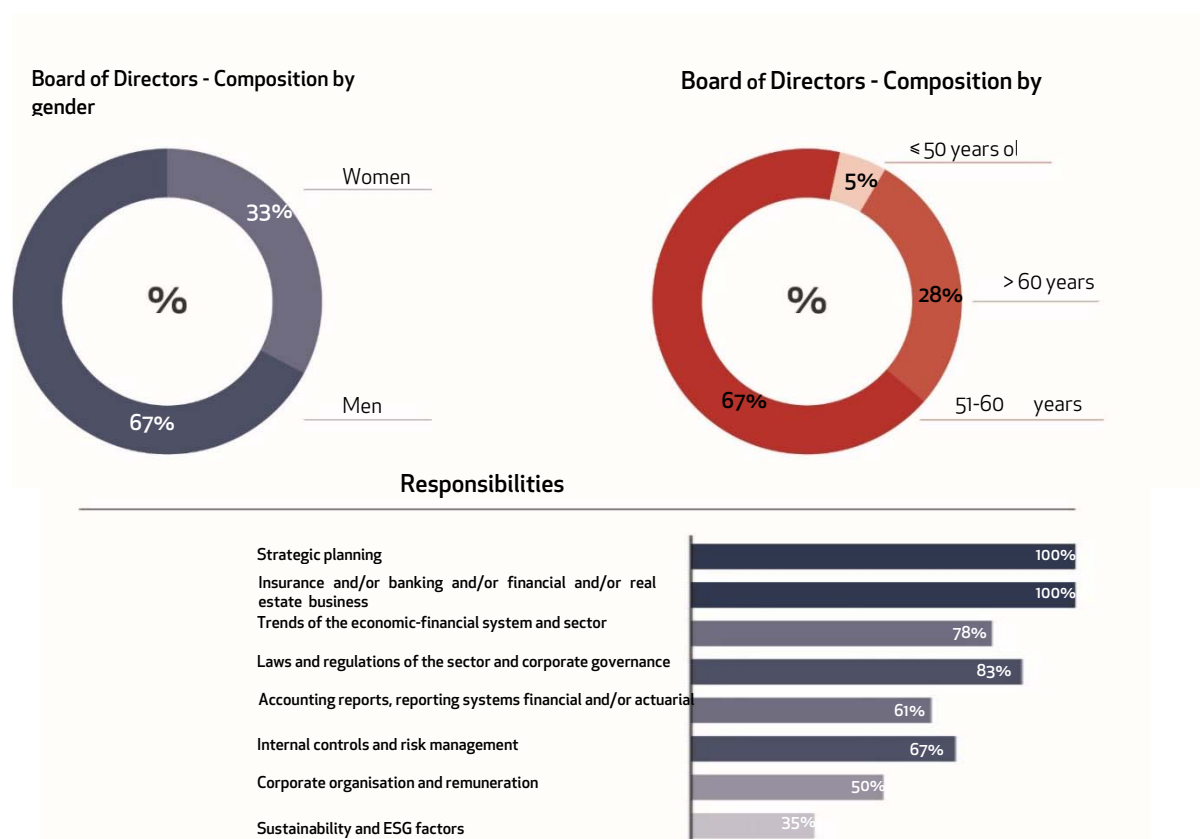
With reference to the main contents of the Policy in question, it should be noted that:

- as regards the composition of the Board of Directors, given that:
 - as recommended by the Code, the Board of Directors, upon the expiry of its term and on the occasion of calling the Shareholders' Meeting to pass the related resolutions, expresses to Shareholders - also taking into account the results of the annual assessment of the size, composition and operation of the Board itself and its committees ("Board Performance Evaluation") - its guidance on the size and optimal composition of the new board of directors, with reference, inter alia, to the managerial and professional roles whose presence is deemed appropriate (the "Guidance");
 - with this recommendation, the Code of Conduct, in general terms, recommends that the shareholders of the issuer, at the time of the submission of the lists for the appointment of the Board of Directors, assess, also in the light of the Guidance expressed by the outgoing Board, the personal characteristics, the experience, also in a management position, and the gender of the candidates, in proportion to the size of the company, the complexity and specificity of the sector of activity in which it operates, as well as the size of the Board.
- the Diversity Policy is meant to provide guidelines for framing said Guidance, providing certain recommendations regarding both the quantitative and qualitative composition of the Board of Directors;
- as regards in particular qualitative aspects, the Policy establishes, among other things, that:
 - in compliance with the Markets Regulation, as UnipolSai is a listed issuer subject to the management and coordination of another listed issuer (i.e. Unipol Gruppo), the Board of Directors must be comprised mostly of independent Directors, pursuant to both the TUF and the Code of Conduct, thereby allowing for - among other things - a heterogeneous composition of the board committees;
 - although specific legal provisions regarding gender balance are no longer applicable to the Company's Board of Directors, also in compliance with 2.C.3 application criterion of the Code of Conduct, in any case, at least one third of the members of the Board of Directors must still belong to the less represented gender, both at the time of the appointment of the Board and during its term, with rounding up, in the case of a fractional number, to the next whole number;
 - a balanced combination of different lengths of service and age ranges must be ensured within the Board of Directors; in any case, in this way endorsing the significant value that experience gained and knowledge of the activities and dynamics of the Company can make in terms of contribution to the effective functioning of the Board of Directors;
 - the managerial, professional, academic and/or institutional profiles of each of the Directors, in accordance with the applicable sector regulations, must endow the Board of Directors, as a whole, with mutually complementary and differing technical skills and experience to fulfil its tasks.

The Diversity Policy is attached to this Report and is made available according to the timeframes and methods set forth by the applicable laws.

In expressing its Guidance in view of the Shareholders' Meeting of 17 April 2019, the outgoing Board of Directors took into account the guidelines contained in the Diversity Policy.

The composition of the Board of Directors of UnipolSai, in compliance with the primary legislation and the Code of Conduct, abides by gender balance.



5.5 Criteria for the holding of offices in other companies

Directors accept office when they feel they can perform their duties diligently for as long as necessary, even taking into account the number of mandates as a Director or Statutory Auditor held by them in other companies listed on regulated markets (including abroad), in major financial, banking and insurance or other large companies.

The regulation on the "Limits to the number of positions held by Directors of UnipolSai S.p.A." was adopted by the Board of Directors in its meeting of 13 February 2013, under the provisions of application criterion 1.C.3. of the Code of Conduct, as the guideline for the maximum number of positions of a Director or Statutory Auditor that can be considered compatible with the effective execution of the mandate of Director of the Company; it provides for the verification of the number of offices held by Directors to be performed by the Board of Directors every year and disclosed in the report on corporate governance and ownership structure.

The Regulation in question (which can be consulted in the Governance section of the Company's website) defines certain general criteria, which take account of the actual role that the UnipolSai Director holds in other companies, the nature and size of those companies, introducing different limits, respectively, for the role of Chairman, Executive Director, Non-Executive Director or independent Director of the Company, as well as the procedure to be followed in the case of appointment and any surpassing of the limit to the number of offices held.

The text of the regulations also takes into account the prohibitions introduced by Art. 36 of aforementioned Decree-Law no. 201 of 6 December 2011, converted, with amendments, by Law no. 214 of 22 December 2011, which forbids taking or holding positions in competing companies or groups, operating in the credit, insurance and finance markets (prohibition of interlocking).

The number of offices held by the Directors is verified by the Board of Directors at the time the Directors are appointed and, thereafter, once a year.

The annual assessment of the compliance with the limits to the number of offices held by the Directors was performed by the Board of Directors on 10 May 2018. The Board of Directors has concluded that all the members of the Board of Directors are capable to perform their duties effectively.

Lastly, no situations of so-called "cross-directorship" were identified.

5.6 Induction Programme

The Company dedicates adequate attention to the training of its Directors and Statutory Auditors. Pursuant to Art. 5, lett. r), of IVASS Regulation no. 20/2008 and of application criterion 2.C.2. of the Code of Conduct, specific in-depth courses were carried out in the Financial Year on some issues in order to enable the Directors and Board of Statutory Auditors to acquire an adequate knowledge of the business sector in which the Company operates, the business dynamics and their evolution, as well as the reference regulatory framework.

In particular, during the Financial Year, three induction sessions were organised for the study of issues related to: i) agency distribution network, ii) Insurtech and Big Data and iii) corporate governance system in light of the changes introduced by the IVASS Regulation 38.

The induction sessions were developed on the basis of presentations - by the top management of the Company in charge for the subject - who have described the processes object of the training, focusing on the issues of greatest interest for the corporate bodies.

5.7 Non-executive and independent Directors

It should be preliminarily noted that, pursuant to the Market Regulation, the Directors of UnipolSai may not be considered as independent if they also hold an office in the administration body of the company that exercises direction and coordination on the Company (i.e. Unipol).

The current Board of Directors is composed - with the exception of the Chairman and, as explained below, - of non-executive Directors, i.e. without management powers and not holding strategic or management positions in the Company, in subsidiaries of strategic importance or in the parent companies, as provided for in the Code of Conduct. Please recall that the Board of Directors, in the meeting of 27 April 2016, resolved not to appoint an Executive Committee, according to the specifications made below.

The Board of Directors, in its meeting of 27 April 2016, identified the Chairman of the Company, Mr Carlo Cimbri, as Appointed Director, - being a Director without operational powers - for the entire term of office of the Board of Directors. Mr Cimbri, as a result of the appointment received, has been qualified as an executive Director.

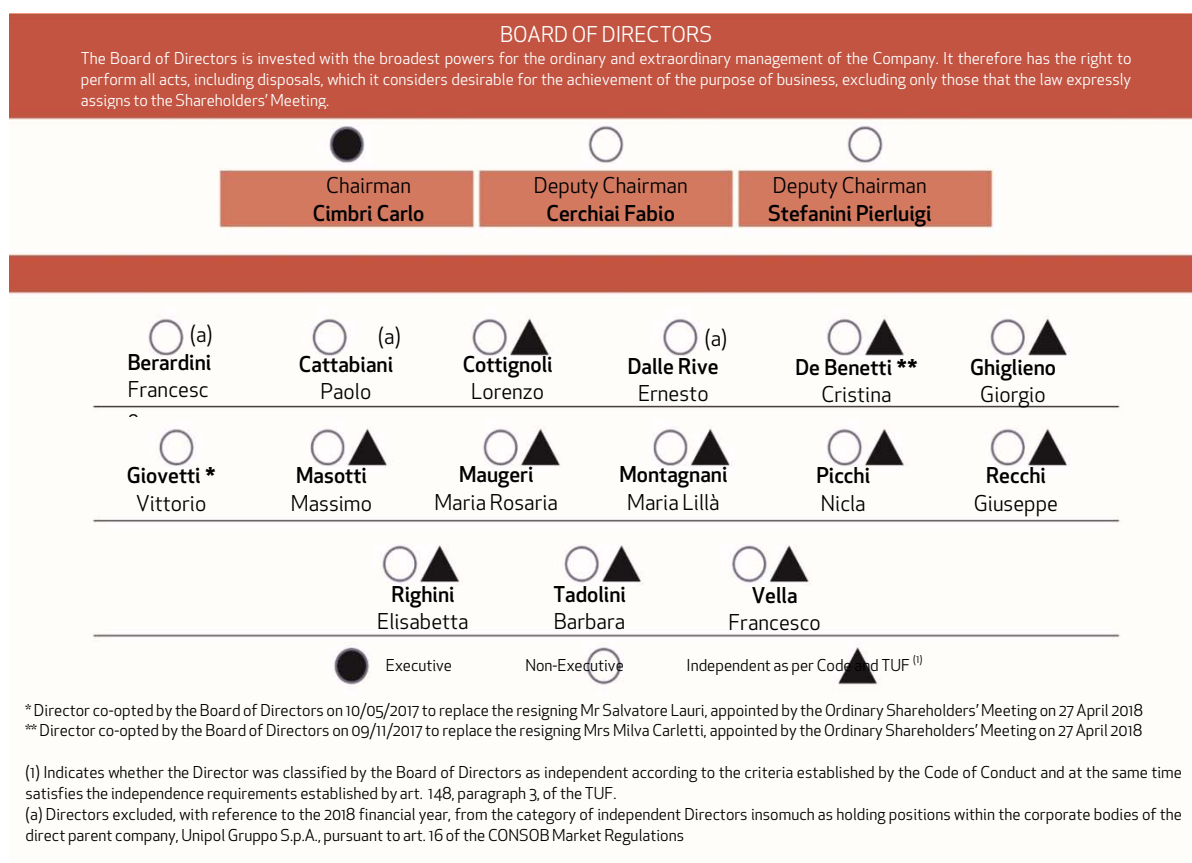
It is also specified that the mentioned Fit&Proper Policy provides that the assessment of the independence of a Director should take into account any professional services rendered to the Company and/or subsidiaries, exceeding 5% of the annual turnover of the Company or Entity which the Director controls or of which the same is an important representative or of the Professional or Consulting Firm of which the same is a partner or shareholder or, at any rate, exceeding the amount of Euro 200,000.

As already stated above, the annual assessment by the Board of Directors of the independence requirements of the non-executive Directors in accordance with the TUF and the Code of Conduct was carried out most recently at the board meeting of 10 May 2018.

The outcome of these assessments is shown in the enclosed Table 1, remembering in this regard that the Company must comply with Paragraph 1, Art. 16 of the Market Regulation which reads "for subsidiaries subject to management

and coordination by another Italian or foreign company with shares listed on regulated markets are also required to have a board of directors consisting of a majority of independent directors" pursuant to TUF and the Code of Conduct.

The Board of Statutory Auditors reports on the outcome of the assessments carried out on the correct application of the assessment criteria and procedures adopted by the Board of Directors in regard to the independence of its members in the Statutory Auditors' report.



In compliance with the Code of Conduct (application criterion 3.C.6.), there was a meeting of the independent Directors. At this meeting, issues related to the strategic vision of the Company and the Group and the functioning of the Board of Directors and the board Committees were discussed, among others.

5.8 Lead Independent Director

The Company's governance structure has not necessitated the appointment of a Lead Independent Director, there not being the conditions pursuant to application criterion 2.C.3. of the Code of Conduct. The Chairman of the Board of Directors has not been delegated operational powers.

5.9 Remuneration

The Shareholders' Meeting of 27 April 2016 resolved on a gross annual remuneration for each Director of Euro 40,000, in addition to the expenses incurred to perform the office, as well as payment of a gross attendance fee of Euro 1,000 for each Board or Shareholders' Meeting attended, reduced to Euro 500 in case of participation through telephone or audiovisual connection.

This Meeting also resolved to provide insurance coverage, as in the past, for risks related to third party liability arising from the legal and contractual obligations associated with the office of Director and the associated legal protection,

with costs borne by the Company, conferring on the Board of Directors and, on its behalf, on the Chairman, the broadest powers for implementation of the resolution, including the power to make any changes to the insurance policy in place that may be appropriate in relation to the terms and conditions, as long as in line with the market.

The Board of Directors, after consultation with the Remuneration Committee and the Board of Statutory Auditors, in its meeting of 30 June 2016, defined the remuneration of the Chairman and Deputy Chairman for the offices held.

The Board of Directors has also approved a fixed gross fee of Euro 1,000 for the Directors for participation in each meeting of the Board Committees of which they are members, reduced to Euro 500 in case of participation through telephone or audiovisual connection.

The remuneration of Directors does not depend on the performance of the Company, nor are there any plans for share-based incentives or, in general, plans based on financial instruments for members of the Board of Directors.

At the February 2018 meeting, the Company's Board of Directors, at the proposal of the Remuneration Committee, approved the General Policy for the remuneration of the members of the corporate bodies and Key Managers of the Company for the 2018 financial year, presented to the Shareholders' Meeting of the Company on 23 April 2018.

The Remuneration Report prepared pursuant to art. 123-ter of the TUF, approved by the Board of Directors at the meeting on 22 March 2018, was submitted to the same Shareholders' Meeting.

At that meeting, the same Board of Directors finally confirmed the satisfaction of the conditions necessary to proceed with the disbursement of the variable component of short-term remuneration for the 2017 financial year (IBT).

At the proposal of the Remuneration Committee, on 14 March 2019, the Board of Directors:

- (i) has defined the Remuneration Policies pursuant to IVASS Regulation 38;
- (ii) has confirmed the satisfaction of the Group conditions necessary to proceed with:
 - a. the disbursement of the variable component of short-term remuneration for the 2018 financial year (IBT);
 - b. the disbursement of the first tranche of variable pay for long-term remuneration for the 2016-2018 three-year period (LTI);
- (iii) has approved the Information Document regarding the update of the compensation plan based on financial instruments, pursuant to art. 114-*bis* of the TUF, including the related Regulation on said plan
- (iv) has approved the Remuneration Report prepared pursuant to art. 123-*ter* of the TUF, which, together with the documents referred to in points (i) and (iii) shall be examined by the Shareholders' Meeting called to approve the 2018 financial statements.

Please refer to that documentation (which will be made available in the Governance section of the Company's website) for information on the objectives pursued by the Remuneration Policies, the principles that underlie it, the criteria used to determine the relationship between the fixed and variable component, the performance objectives to which variable components are linked, the terms for the vesting of rights, as well as mechanisms to incentivise the heads of the Company Control Functions; the same document also provides detailed information on the size of the remunerations received, during the year, by the Chairman, the members of the Board of Directors, by the General Manager as well as the remunerations cumulatively received by the Key Managers.

5.10 Succession planning

With reference to the recommendations contained in CONSOB Communication no. DEM/110129884 of 24 February 2011 and the Application criterion 5.C.2 of the Code of Conduct, note that, in the meeting of 9 February 2017, the Board of Directors resolved not to adopt a Succession Planning for Executive directors and the General Manager, in consideration:

- of the consolidation of the Succession Planning for the strategic key managers of the Group;
- of the current structure of the executive powers delegated to the first line managers, which allows the execution of the ordinary business operations of the Company;
- of the stable structure of the control shareholding.

as conditions and instruments that are suitable to promptly face a possible phase of succession of these subjects while guaranteeing the suitable transitional running of the company management.

In this regard, it should be noted that the administrative body in office deemed it not necessary to assign the office of Chief Executive Officer or to delegate executive powers to its Chairman, entrusting the operating guidance of the Company to the General Manager.

In this respect, it is pointed out that the Company has continued the activities aimed at implementing the Succession Planning project for the Key Managers of the Group.

The activity, in line with the model of managerial skills adopted by the Group, is a continuation of the assessment processes already initiated in previous years and has the objective of identifying short, medium and long-term successors for the more prominent organisational positions. The assessment approach envisaged focuses on both the professional skills demonstrated as well as individual potential, also using the direct contribution of management, called upon - through appropriate interview methodologies - to identify a panel of successors not only in the vertical line of responsibility but also in the cross-sectional knowledge of resources belonging to other areas of the company. The methodology adopted uses, among the reference parameters, the Job Description tool, organising the most significant information to define a clear and easy-to-use network of skills. Finally, the process also takes account not only of the importance of the position currently held by the persons identified, but also those, which could potentially be covered, considering the attractiveness in terms of retention.

5.11 Annual self-assessment

The Company's Board of Directors carries out once a year, with the support of the Nomination and Corporate Governance Committee an evaluation of the size, composition and operation of the Board of Directors and its Committees, also taking into account factors such as the characteristics of professional managerial experience and the gender of its members, and their seniority in office (the "Board Performance Evaluation").

The self-assessment process is divided into the following stages: (i) individual discussion with each Director and Statutory Auditor also on the basis of a self-assessment questionnaire; (ii) analysis of the arising information and comments; (iii) discussion during the Board meeting of the results arising from the aforementioned Board Performance Evaluation activities. The questionnaire and interview are used together for the purpose of determining the aforementioned evaluation. The procedures for carrying out the Board Performance Evaluation are suitable for appraising the individual contribution of each Director.

To perform these activities, the respective Nomination and Corporate Governance Committee overseeing the entire board review process made use of the assistance of Egon Zehnder International S.p.A., an advisor with excellent standing in the sector, which also holds the same position for UnipolSai. The Board of Directors had appointed the aforementioned advisor for a three-year term to cover the entire term of office of the current Board of Directors and, therefore, follow the evolution of the same during the period 2016-2018: an annual Board Performance Evaluation is carried out, taking into account, on the one hand, the evolution of legislation and the experience of other best practices and, on the other, the work carried out by the Board of Directors over the three years.

The Board Performance Evaluation for the 2017 financial year was presented and shared, after examination by the Nomination and Corporate Governance Committee, at the Board of Directors meeting on 10 May 2018, during which the assessments were discussed in relation to the strengths and areas for improvement.

With regard to the 2017 financial year, the result brought to light was a very positive overall picture, both in terms of compliance by operations with regulations and with the recommendations of the Code of Conduct, and with reference to the spirit instilled within the board of directors. In particular, the contingent consisting of Independent Directors was adequate in relation to the composition of the Board of Directors and the Committees, as well as being able to guarantee the achievement of Shareholders' interests. The Board Performance Evaluation also provided a satisfactory portrayal of the diversity in the board of directors, with reference to the gender, skills and seniority of the Directors.

Considering that the term of the current board of directors will expire at the Shareholders' Meeting called to approve the 2018 financial statements and, in order to provide to the Shareholders the guidance referred to in paragraph 5.4

above, already at the end of the Financial Year, The Board of Directors launched the annual Board Performance Evaluation, the results of which were presented and shared, after examination by the Nomination and Corporate Governance Committee, at the Board of Directors' meeting held on 7 February 2019.

With regard to the 2018 financial year, the result brought to light continues to be very positive both in terms of compliance by operations with regulations and with the recommendations of the Code of Conduct, and with reference to the spirit instilled within the board of directors and the contingent consisting of Independent Directors.

The aforementioned Guidance was published together with the notice convening the Shareholders' Meeting and is attached to the Explanatory Report of the respective subject in the agenda, available on the Company's Website in the *Governance/Assemblee-degli-azionisti/Assemblea-Aprile-2019* Section.

6. The Chairman

The Chairman of the Company is elected, pursuant to Art. 14 of the By-Laws, by the Board of Directors from among its members, if the Shareholders' Meeting has not already done so, for three years or for the shorter period of office of the Board itself.

In addition to exercising company representation pursuant to Art. 21 of the By-Laws, the Chairman calls the meetings of the Board of Directors and the Executive Committee, where set up, establishes their agenda, coordinates their work and ensures, according to the particular circumstances, that adequate information on the items on the agenda is provided to all Directors.

The Shareholders' Meeting of 27 April 2016 appointed Mr Carlo Cimbri as Chairman of the Company - in consideration of his experience, his thorough knowledge of the Company, the insurance business and the financial system as a whole - for the duration of office of the Board of Directors and, therefore, until the date of approval of the 2018 financial statements.

The Chairman 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.

In particular, the Chairman ensures continuity of relations between the Board and General Manager, stimulating their activity and ensuring a fruitful collaboration.

The Chairman ensures that Directors and Statutory Auditors take part in initiatives aimed at increasing their knowledge of the corporate context and dynamics, as well as the evolution of the same, also having regard to the relevant regulatory framework, in order for them to carry out their role in an informed and effective manner.

The Chairman has access to all information within the structure, informing the General Manager of information acquired from other sources, for the orderly management of the structure.

The Chairman, also at the request of one or more Directors, may request that the Managers of the Company and the Subsidiaries, in charge of the relevant corporate functions according to the subject, attend Board meetings to provide useful information on items on the agenda. During the Year, the Financial Reporting Officer took part in board meetings, also to provide, if necessary, the appropriate details on the topics for which he is responsible included on the agenda. Several Heads of the main business areas also took part.

The Chairman is also responsible for planning the work of the Board of the Directors ensuring that the documentation related to the agenda items is made available to the Directors and the Auditors in due time before the date of the Directors' meeting.

As mentioned previously, the Chairman was identified as the Appointed Director.

7. The Deputy Chairman

Pursuant to Art. 14 of the By-Laws, the Board of Directors elects from among its members one or more Deputy Chairmen, for three years or for the shorter period of office of the Board itself.

The Board of Directors of 27 April 2016 confirmed as Deputy Chairman Mr Pierluigi Stefanini and likewise appointed Mr Fabio Cerchiai.

The Directors holding the office of Deputy Chairman, in addition to having the power to represent the Company pursuant to Art. 21 of the By-Laws, in case of absence or impediment of the Chairman, stand in for him/her, starting from the eldest.

The Deputy Chairman is automatically a member of the Executive Committee, where formed, pursuant to Art. 18 of the By-Laws.

8. The Chief Executive Officer

The Chief Executive Officer may be appointed, pursuant to Art. 14 of the By-Laws, by the Board of Directors from among its members, for three financial years or for the shorter period of office of the Board itself. However, as described in previous Reports and referred to above, please note that - in order to fulfil, according to the terms set by the insurance Supervisory Authorities, the requirements relating to governance established by the same authorities at the time of authorising the acquisition of the control over the former Premafin/Fondiarria-SAI group, and with regard to the need to make sure that positions of Chief Executive Officer of Unipol and UnipolSai cease to coincide - the Board of Directors of the latter met on 27 April 2016 to review the Company's governance structure and, delaying the appointment of a Chief Executive Officer, as such appointment was not deemed necessary, attributed the operating guidance of the Company to a General Manager.

9. The General Manager

As highlighted above, with regard to adequate discretionary power in identifying the solutions deemed most appropriate for the appointment of the company bodies according to the By-Laws, the Board of Directors, in the meeting of 27 April 2016, appointed a General Manager as the body to be assigned tasks and delegated powers for business operations in the person of Mr Matteo Laterza.

The General Manager has been assigned by the Board of Directors the following functions:

- i) ensure the implementation of the resolutions of the Board of Directors and of the Shareholders' Meeting of the Company;
- ii) ensure the ordinary management of the corporate affairs of the Company as well as the governance, supervision and coordination of the entire company activity;
- iii) promote the corporate policies of the Company;
- iv) propose to the Chairman of the Board of Directors the planning of the works of the Board of Directors;
- v) formulate the proposals relating to the long-term plans and the annual budgets of the Company to be submitted to the study and approval of the Board of Directors;
- vi) set guidelines to draw up the financial statements of the Company; prepare the proposals to be submitted to the Board of Directors on the draft separate and consolidated financial statements and on the interim financial reports;
- vii) support the Appointed Director in the execution of his tasks also:
 - taking care of maintaining the functionality and overall adequacy of the organisational structure and of the internal control and risk management system;
 - define in detail the organisational structure of the Company, the tasks and the responsibilities of the operating units and their employees as well as the relevant decision-making processes, consistently with the directives received from the Board of Directors; in this context, ensuring proper separation of tasks among the individual subjects and the departments so to prevent conflicts of interest from arising, as much as possible;

- implement the policies for the assessment, also forward-looking, and management of risks as set by the Board of Directors, ensuring the definition of the operating limits and their prompt verification as well as the monitoring of the exposures to risks and the compliance with the tolerance levels;
- implement, in consideration of the strategic objectives and consistently with the risk management policy, the policies for the adoption, underwriting and reinsurance and other techniques for the mitigation of the risk and management of the operational risk as well as the other policies and guidelines defined on the subject by the Board of Directors; support the Appointed Director in implementing the indications of the Board of Directors regarding the measures to be adopted to fix the anomalies found and/or make improvements.

The Board of Directors has also conferred specific executive powers on the General Manager, defining the relevant methods and quantitative limits.

Upon appointment, the Board of Directors verified respect for the requirements of suitability for the office by the General Manager, in compliance with the Fit&Proper Policy. This assessment is also conducted periodically by the administrative body, on an annual basis, most recently at its meeting on 10 May 2018.

10. The Board Committees

The Board of Directors may appoint, pursuant to Art.18 of the By-Laws, an Executive Committee, choosing the members from among its members, establishing the number and delegating to the same all or part of its powers, except for those expressly to be retained by law or according to the By-Laws by the Board of Directors.

The Chairman of the Board of Directors, the Deputy Chairman/Chairmen and the Chief Executive Officer are also members of the Executive Committee, if this is appointed.

As part of the review of the governance structure of the Company mentioned above, the Board of Directors' meeting of 27 April 2016 resolved, inter alia, to delay the appointment of an Executive Committee, as such appointment was not deemed necessary.

The Board of Directors, in order to increase the efficiency and efficacy of its activities, has established specific internal Committees, with advisory and propositional functions, and has defined their relevant tasks also taking into account the criteria set forth in the Code of Conduct.

More specifically, the Board of Directors of 12 May 2016 approved the establishment of the following internal Committees:

- Chairman's Committee;
- Nomination and Corporate Governance Committee;
- Control and Risk Committee;
- Remuneration Committee;
- Related Party Transactions Committee.

The members of each Committee were appointed by the Board of Directors and chosen among the members of the latter. These Committees, with the exception of the Chairman's Committee, are comprised at least mostly by Independent Directors, as specified in the following paragraphs. The Committees are dissolved at the end of the term of office of the Board of Directors. If one or more Committee members become unavailable for any reason, the Board of Directors chooses a replacement.

In line with the integrations most recently made to the application criterion 4.C.1 of the Code of Conduct, during the Financial Year the Committees required by the Code (i.e. the Nomination and Corporate Governance Committee, the Control and Risk Committee and the Remuneration Committee) informed the administrative body, during the first meeting possible, about the matters dealt with during the meetings of said Committees and any assessments made by them, also when not functional to audits or opinions requested, or in any case preparatory, for the administrative body to pass certain resolutions.

Remaining valid are assessments carried out already during the previous financial years by the Company's Board of Directors in relation to the fact that:

- the aspects pertaining to the risk management that may become significant with respect to medium to long term sustainability are already examined by the Control and Risk Committee, which – in accordance with the regulatory and self-regulation framework of the structure of the system of internal controls and risk management adopted by the Company and the Group to implement the regulations in the insurance sector (particularly with regard to the system of the capital requirements of solvency and assessment of the corporate risks) – is part of the framework aimed at defining the annual and forward-looking risk appetite of the Company, sharing the processes and results of the Own Risk and Solvency Assessment (so-called ORSA, see below);
- the aspects regarding the sustainability issues identified with regard to the interaction of the Company and the Group with their stakeholders are among the tasks of the Sustainability Committee of the Parent Company, including that of examining the guidelines and the methodology followed to prepare and monitor the three-year sustainability plan of the Group. To this end, the mentioned Committee of Unipol annually reports to the administrative body of the Company about the activity carried out on sustainability issues referring to UnipolSai.

For the approach of social responsibility and ethics to be taken as a key element of the business activity of UnipolSai, it is indispensable to make reference to the Unipol Group and, for it, to the Parent Company, which serves as the controlling and guiding holding, providing all the Group companies with the services and tools that make it possible to include sustainability in the culture and life of the company, thus achieving the relevant objectives. This approach encouraged the definition of a specific method for the governance of sustainability and of tools that guarantee the full achievement of the sustainability objectives at Company and Group level, enhancing the inclusion at all company levels of the social and environmental aspects in the management and business choices.

It is finally highlighted that, during the Year, the Company was actively involved in preparing the Integrated Consolidated Report of the Unipol Group, in line with the provisions of Legislative Decree no. 254/2016. The Integrated Consolidated Financial Statements of the Unipol Group, prepared by the Parent Company, includes the reporting of non-financial information of UnipolSai, among others. The Company also includes non-financial information in its Sustainability Report

10.1 Chairman's Committee

Number of meetings held during the Year: 1.

The Chairman's Committee, established by the administrative body on 12 May 2016, is composed of the Chairman of the Board of Directors and the Deputy Chairmen. The General Manager of the Company attends, by right, the sessions of the Chairman's Committee, with advisory vote.

During 2018 this Committee has met once.

The composition of the Chairman's Committee is detailed in the following Table.

| | Members | Office held | % attendance | Meetings attended |
|----------------------|---------------------|-------------|--------------|-------------------|
| CHAIRMAN'S COMMITTEE | Cimbri Carlo | Chairman | 100% | 1/1 |
| | Cerchiai Fabio | Member | 100% | 1/1 |
| | Stefanini Pierluigi | Member | 100% | 1/1 |

The Chairman's Committee has advisory functions and cooperates in the identification of development policies and guidelines for the strategic and operating plans to be submitted to the Board of Directors, limited in particular to the following topics:

- a) dividends and/or remuneration of the capital policies;
- b) transactions of an extraordinary nature under the responsibility of the Shareholders' Meeting, more specifically capital increases and issues of convertible bonds, mergers, demergers, reserves distribution, purchase of own shares and amendments to the By-Laws;
- c) extraordinary transactions of a relevant strategic interest, or intended to significantly affect the value or structure of the share capital or to significantly affect the price of stocks, such as acquisitions or disposal of relevant shareholdings, aggregations or alliances with other groups as well as significant changes in the structure or composition of the Group;
- d) multi-year strategic plans and annual budgets of the Company.

10.2 Nomination and Corporate Governance Committee

Number of meetings held during the Year: 5.

Average length of meetings: about 40 minutes.

Number of meetings planned for 2019: 5 (of which 2 already held as at this reporting date).

At its meeting held on 12 May 2016, the Board of Directors appointed the members of the Nomination and Corporate Governance Committee, and pursuant to the provisions of the Market Regulation, called for three Directors to join the Committee, all of them non-executive and independent.

The Chairman of the Committee in question is responsible for drawing up the minutes of the meetings, with the support of the Secretary, whose functions are carried out by the Corporate Affairs and Shareholdings Department.

The Board of Directors has assigned the Nomination and Corporate Governance Committee a propositional and advisory role in identifying the best composition of the Board of Directors and in defining the corporate governance system; this Committee is tasked as follows:

- i) to propose to the Board of Directors the candidates for the offices of Directors in the cases of co-option, if any independent Director must be replaced;
- ii) to define times and methods for performing the Board Performance Evaluation;
- iii) to inform and update the Board of Directors as regards any development of the regulations in force and the best practices applicable to corporate governance;
- iv) to express opinions to the Board of Directors regarding:
 - the appointment of the members of the Board Committees of the Company;
 - the appointment of the General Manager and the Deputy General Manager of the Company;
 - the implementation of the governance system of the Company;
 - the size and composition of the Board of Directors, along with recommendations as regards the professional roles to be held within the Board of Directors, as well as the maximum number of assignments and derogations to the non-compete clause.

This Committee has a budget, approved by the Board of Directors, which is adequate for the performance of its tasks.

In the Year the Nomination and Corporate Governance Committee performed, inter alia, the following activities:

- examined the results of the Board Performance Evaluation, with reference to the 2017 financial year;
- reviewed the Annual Report on Corporate Governance referring to the 2017 financial year.
- defined criteria and methods to carry out the Board Performance Evaluation of the Board of Directors, with reference to the 2018 financial year.

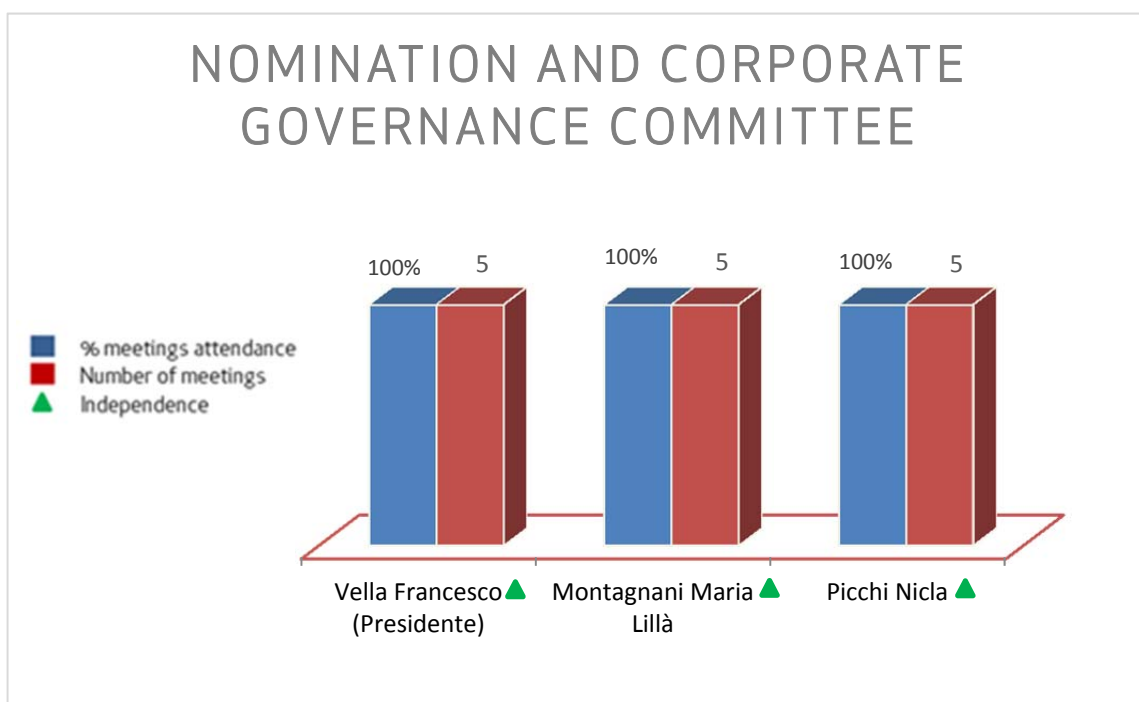
With reference to the meetings held to date in 2019, the Nomination and Corporate Governance Committee performed, inter alia, the following activities:

- examined the Annual Report on the application of the Code of Conduct prepared by the Committee for Corporate Governance, consisting of business associations and associations of professional investors, as well as Borsa Italiana;

- examined the results of the annual Board Performance Evaluation process regarding the Board of Directors and Board Committees;
- prepared, consequently, an opinion for the Board of Directors on the size and optimal composition of the board of directors, in order to support it in adopting its guidance for shareholders in view of the Shareholders' Meeting called to appoint the new Board of Directors;
- reviewed this Report.

The meetings of the Nomination and Corporate Governance Committee were attended, if applicable, by employees of the Company, upon invitation by the Chairman, in order to provide input on the agenda items.

The Table summarising the Committee with its composition is shown below.



10.3 Remuneration Committee

Number of meetings held during the Year: 2.

Average length of meetings: 1 hour, approximately.

Number of meetings planned for 2019: 3 (of which 2 already held).

At the meeting on 12 May 2016, the Board of Directors appointed the members of the Remuneration Committee, and pursuant to the provisions of the Market Regulation, called for three Directors to join the Committee, all of them non-executive and independent. Two of the members of the Remuneration Committee have adequate knowledge and expertise in financial matters or Remuneration Policies, as assessed by the Board of Directors at the time of their appointment.

The Chairman of the Committee at issue is responsible for drawing up the minutes of the meetings, with the support of the Secretary, whose functions are carried out by the Human Resources Department.

The Board of Directors, pursuant to the applicable regulations, has assigned to the Remuneration Committee the following tasks as regards remuneration:

- submitting to the Board of Directors proposals regarding Policies for the remuneration of the Directors and the Key Managers of the Company (including the Heads of the Company Control Functions, consistently with the guidelines set by the Parent Company);
- submitting to the Board of Directors proposals for the remuneration of the Executive directors and the other Directors who perform specific duties, as well as for setting up performance objectives related to the variable portions of the remuneration, consistent with the Remuneration policies adopted by the Board of Directors and in consideration of the indications of the Parent Company;
- expressing opinions on the monitoring the implementation of the decisions approved by the Board of Directors, while verifying the actual fulfilment of performance objectives;

- expressing opinions on the regular evaluation of the adequacy, the overall consistency and correct application of the Policies for the remuneration of the Directors and the Key Managers (including the Heads of the Control Functions) adopted by the Company - availing itself, in this last regard, of the information provided by the Chief Executive Officer of the Parent Company - submitting proposals to the Board of Directors on these matters;
- formulate opinions to the Board of Directors regarding the remuneration of the Supervisory Body of the Company pursuant to Legislative Decree no. 231/2001.

The members of the Board of Statutory Auditors are also invited to attend the meetings of the Remuneration Committee. All meetings were also attended by all members of the Board of Statutory Auditors.

At the meetings held during the Year, the Remuneration Committee carried out mainly the following activities:

In 2018:

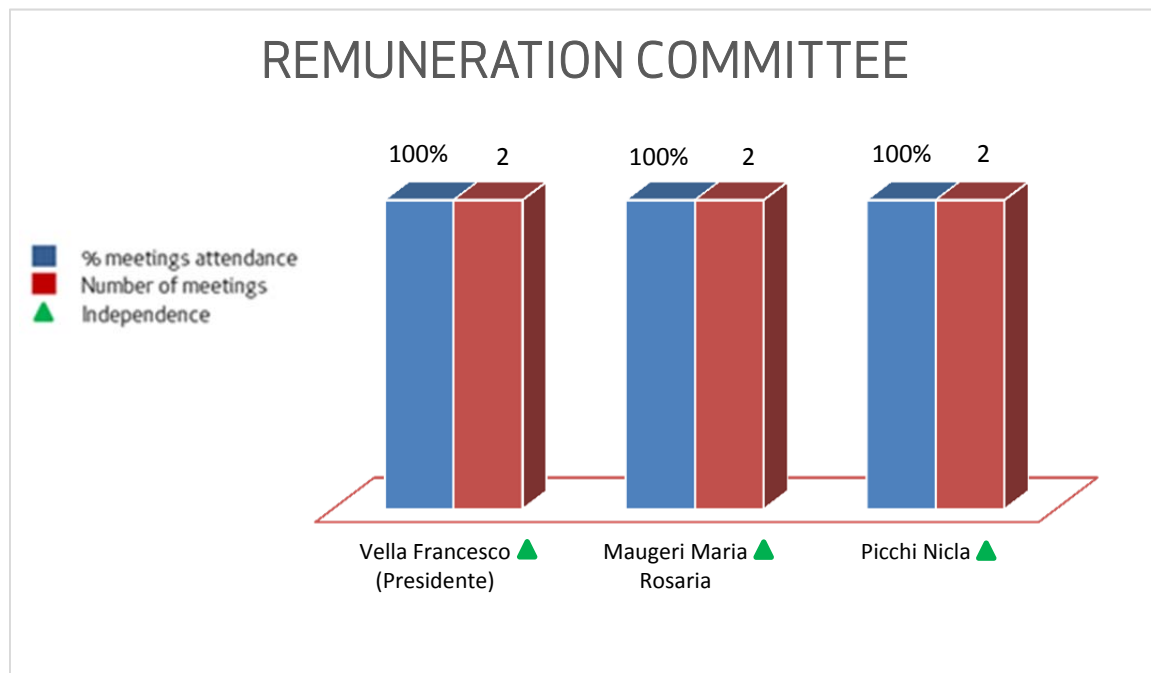
- examined and formulated proposals about the Remuneration Policies of the insurance companies of the Unipol Group for the 2018 financial year, focusing in particular on the amendments made to the Policies already approved in previous financial years and noting their substantial continuity;
- examined the Regulations of the incentive system of the Unipol Group's insurance companies for the 2018 financial year, noting their substantial continuity with that already approved in previous financial years;
- verified the compliance of the Remuneration Policies adopted by UnipolSai with regard to the recommendations made to issuers by the Corporate Governance Committee of the Borsa Italiana regarding the adequacy of the Remuneration Policies for the pursuit of the objective of sustainability of the medium-long term activities of the company; Remuneration Policies
- examined the results achieved by the Group and the Company in the 2017 financial year, evaluating positively the effects for the fulfilment of the conditions necessary to implement the payment of the short-term variable incentives set forth in the Incentive System Regulations of the Unipol Group insurance companies;
- examined the draft text of the Remuneration Report prepared pursuant to art. 123-ter of the TUF, of art. 84-quater of the Issuers' Regulation and of the formed IVASS Regulation 39/2011, noting their compliance and consistency with the Remuneration Policies adopted by the Company.

In 2019:

- reviewed and formulated proposals regarding the Remuneration Policies for the current year of the Unipol Group (within the area of competence of UnipolSai) and the companies of its insurance business (including the Company), which fall under the new Business Plan for the three year period 2019-2021 subject to the approval by the competent bodies;
- reviewed the results achieved by the Group and the Company in 2018 as well as results achieved by the Group at the end of the three year period 2016-2018, with a positive evaluation of the effects with the occurrence of the conditions necessary to proceed with the payment of the short and long-term variable incentives as set forth in the Incentive System Regulations of the insurance companies of the Unipol Group, formulating proposals regarding the disbursement of the variable component of the remuneration;
- reviewed the draft Remuneration Report prepared pursuant to art. 123-ter of the TUF and art. 84-quater of the Issuers' Regulation, expressing a favourable opinion and confirming compliance and consistency with the Remuneration Policies adopted.

For the performance of its tasks, this Committee prepares an adequate budget, approved by the Board of Directors.

The Table summarising the Committee with its composition is shown below.



10.4 Control and Risk Committee

Number of meetings held during the Year: 9.

Average length of meetings: 2 hours, approximately.

Number of meetings planned for 2019: 9. (of which 2 have already been held as at this reporting date).

The Board of Directors, at the meeting of 12 May 2016, appointed, pursuant to Art. 37 of the Market Regulation and the Code of Conduct, the members of the Control and Risk Committee, composed exclusively of independent Directors, one of whom with adequate expertise in accounting, financial or risk management matters, as assessed by the Board of Directors at the time of his/her appointment.

The Chairman of the Control and Risk Committee is responsible for drawing up the minutes of the meetings, with the support of the Secretary, whose functions are carried out by the Corporate Affairs and Shareholdings Department.

The Control and Risk Committee performs, for the Board of Directors, propositional, advisory, investigation 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.

As regards the performance of these activities the Control and Risk Committee carries out in particular the following tasks:

- a. expresses its opinions to the Board of Directors regarding the following:
 - definition of the guidelines for the internal control and risk management system, to correctly identify, measure, manage and monitor the main risks to which the Company and the Subsidiaries are exposed, thus assessing the degree of compatibility of such risks with a management of the company in line with the identified strategic objectives;
 - valuation, at least once a year, of the current and future adequacy of the internal control and risk management system with respect to the features of the Company and its subsidiaries and to the risk appetite set as well as its effectiveness and its ability to grasp the evolution of corporate risks and the interaction between them;

- approval, at least once a year, of the work plan prepared by the Heads of the Control Functions;
 - description, in the annual report on corporate governance, of the main features of the internal control and risk management system and the coordination methods among the subjects involved in it as well as an assessment of the adequacy of that system;
 - after consulting with the Board of Statutory Auditors, assessments of the results provided by the Auditing Company in its letter of suggestions and in the report on key issues identified during the audit;
 - the appointment and removal of the Heads of the Company Control Functions, the availability of suitable resources in fulfilling their responsibility, defining their remuneration in line with the purposely adopted corporate policies (binding opinion);
- b. together with the Financial Reporting Officer, after consulting with the Auditing Company and the Board of Statutory Auditors, assesses the correct application of accounting standards and, with reference to the Consolidated Financial Statements, their consistent use at the Group level;
 - c. expresses opinions on specific issues regarding the identification of the main corporate risks; reviews the regular reports containing assessments about the internal control and risk management system, and those of particular relevance, prepared by the Control Functions;
 - d. monitors the independence, adequacy, effectiveness and efficiency of the Control Functions;
 - e. asks, if applicable, the Audit Function to carry out assessments on specific operational areas and inform, at the same time, the Chairman of the Board of Directors and the Chairman of the Board of Statutory Auditors about such assignments;
 - f. at least every six months, at the time of the approval of the annual and half-yearly financial statements, reports to the Board of Directors on the activities performed and the adequacy of the internal control and risk management system compared to the characteristics of the company and the risk profile assumed, as well as its effectiveness;
 - g. supports, with a suitable appraisal, the assessments and decisions of the Board of Directors relating to the management of the risks deriving from events of default that the Board of Directors is aware of;
 - h. examines the guidelines and policies relevant to the Company and the Subsidiaries required by the industry regulations.

The Control and Risk Committee, also on the basis of the powers attributed by Legislative Decree no. 39/2010, as amended by Legislative Decree no. 135/2016, to the Board of Statutory Auditors in its role as a committee for internal control and audit, is responsible for establishing the necessary operational coordination also with the Board in order to ensure an efficient performance of the activities shared by both bodies and in compliance with the respective areas of competence. To this end, and to contain the cost of controls, in 2018 all members of the Board of Statutory Auditors attended the meetings of the Committee.

The Control and Risk Committee examines the information prepared by the Risk Management Function and addressed for the approval of the Board of Directors – concerning intercompany transactions performed by UnipolSai and the insurance companies controlled by them, which cause the operating limits set by the Policy on this type of transactions adopted pursuant to IVASS Regulation no. 30 of 26 October 2016 to be exceeded.

In order to perform its tasks, the Committee makes use of tools and information flows provided specifically by the Control Functions of the Company, so as to allow the Committee itself to issue the required assessments within its area of competence.

The Control and Risk Committee may also:

- request to the members of the bodies of the Subsidiaries to provide all information, including documents, deemed necessary to the correct performance of the assigned tasks;
- propose, with the appropriate reasoning, the appointment of external consultants who would support the Committee itself for the performance of tasks assigned thereto.

For the performance of its tasks, this Committee prepares an budget, approved by the Board of Directors, suitable for performing its tasks.

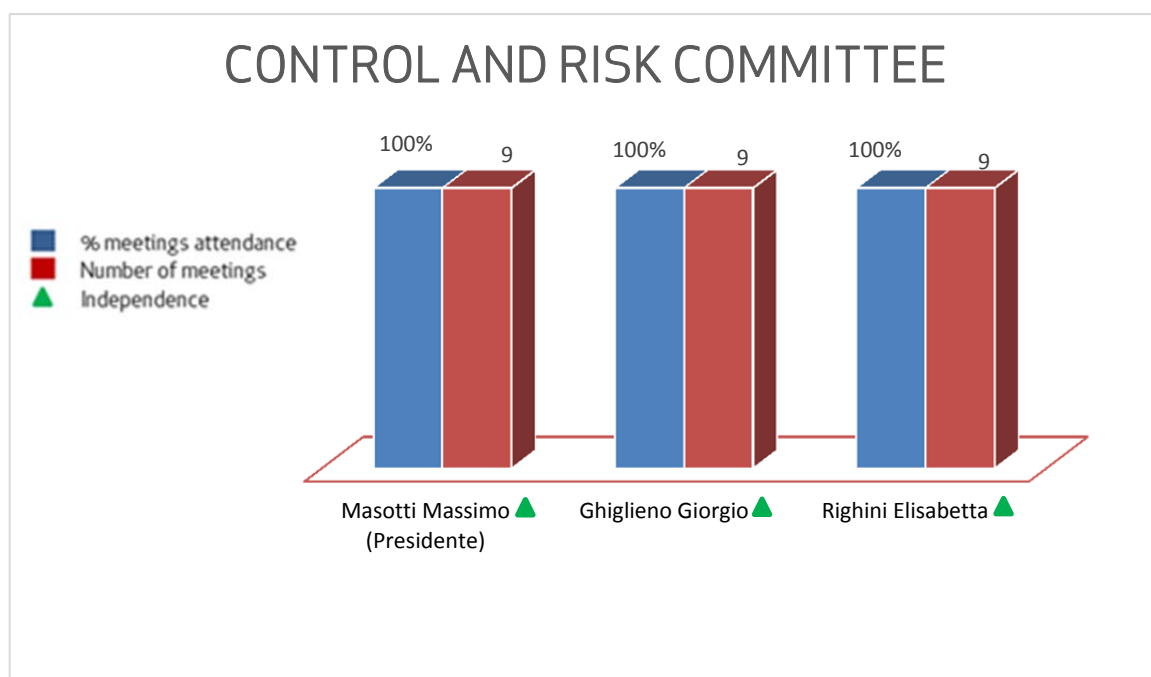
At the meetings held in the Year and until the date of this Report, the Control and Risk Committee reviewed and evaluated, inter alia:

- the reports about the activities performed by the Audit function – including special control activities as required by the annual plan and/or outside of said plan and shared with the Committee itself – as well as the related activity plan;
- the reports on the activities of the Risk Management Function and corresponding activity plan, including specific information about the plan for the alignment with Solvency II regulations;
- the reports about the activities carried out by the Compliance Function, and related activity plan;
- the reports on the activities carried out by the Anti-Money Laundering Function;
- the reports on the activities carried out by the Actuarial Function, and the corresponding activity plan;
- the correct use and consistency in the application of the accounting standards used in the preparation of the consolidated financial statements, as well as the results of the assessments carried out on the internal control systems related to accounting and financial policies (Law 262/2005), through specific meetings with the Financial Reporting Officer and the Auditing Company;
- the proposals related to general policies applied to the remuneration of the Directors and Key Managers of UnipolSai, including the Heads of the Company Control Functions;
- the company's policies, prepared or updated pursuant to the provisions contained in the IVASS Regulations no. 38/2018;
- draft Annual Report on corporate governance and on ownership structures for the 2017 and 2018 financial years;
- the results of the Audit reports of special significance.

The Committee in question also reported to the Board of Directors on its activities and their results at the time of the approval of the 2017 draft financial statements, interim financial statements as at 30 June 2018 and the 2018 draft financial statements.

Employees and external subjects, convened in reference with specific agenda topics, participated in the Committee's meetings upon invitation by the Chairman.

The Table summarising the Committee with its composition is shown below.



10.5 Related Party Transactions Committee

Number of meetings held during the Year: 10.

Average length of meetings: 1 hour, approximately.

Number of meetings planned for 2019: 9 (of which 6 already held as at the date of this Report).

At its meeting held on 12 May 2016, the Board of Directors appointed the members of the Related Party Transactions Committee, calling for four Directors to join the Committee, all of them non-executive and independent.

The Chairman and at least one Statutory Auditor of the Board of Statutory Auditors participated in every meeting of the Related Party Transactions Committee.

The Chairman of the Committee in question is responsible for drawing up the minutes of the meetings, with the support of the Secretary, whose functions are carried out by the Law, Shareholdings and Institutional Relations Joint Department.

The Committee has functions of advice, discussion and proposition with respect to the Board of Directors and the corporate structures of UnipolSai and its Subsidiaries, on Transactions with Related Parties, in compliance with the provisions of the Regulations issued by CONSOB with resolution no. 17221 of 12 March 2010, and subsequent amendments, and the internal procedure adopted by the Board of Directors of UnipolSai for the execution of the Transactions in question (Related Party Procedure; see Paragraph 10 below).

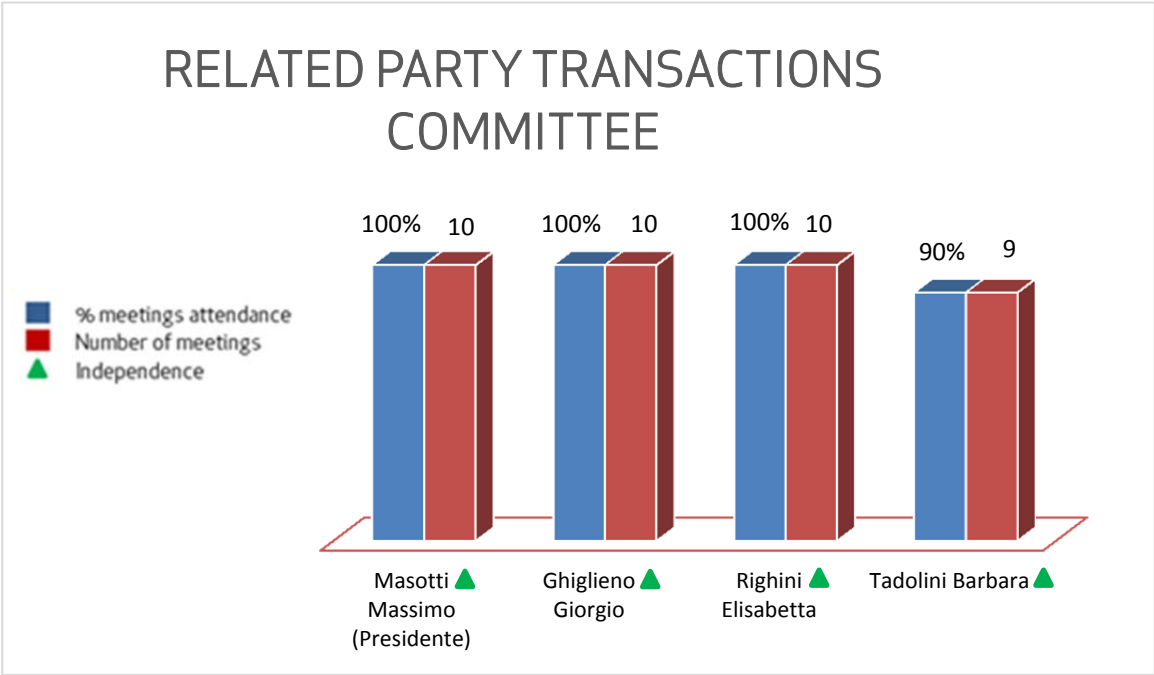
More specifically, the Committee:

- expresses to the Board of Directors of the Company an opinion on the methods for the establishment of the registry where the Related Parties are recorded (the "Related Party Register");
- participates in the investigation and any negotiations regarding Transactions of Greater Importance (as defined in the Related Party Procedure);
- expresses to the competent body, on the basis of complete and timely information provided by the company's structure during the investigation, and if appropriate, during negotiations, a reasoned opinion on the interest of the Company to the execution of Transactions of Greater Importance, as well as on the convenience and substantial correctness of their conditions;
- expresses to the competent body a reasoned, non-binding opinion about the interest of the Company in carrying out Transactions of Lesser Importance (as defined in the Related Parties Procedure, as well as about the convenience and substantial correctness of related conditions;
- expresses to the Delegated Body of UnipolSai (identified by the Related Parties Procedure in the Board of Directors or General Manager, based on the respective areas of competence and/or delegated powers), which has the authority to approve Transactions of Greater and Lesser Importance carried out through the Subsidiaries, a reasoned and non-binding opinion regarding the interest of the same Subsidiaries and of UnipolSai in the completion of the Transaction, as well as on the convenience and substantial correctness of all related conditions;
- expresses to the Board of Directors an opinion on the updates made to the Related Parties Procedure.

This Committee prepares a budget, approved by the Board of Directors, which is adequate for the performance of its tasks.

Where necessary or suitable, employees, representatives of the subsidiaries and/or external parties, invited by the Committee's Chairman, are called to participate and deal with the specific issues on the agenda at the meetings of the Related Party Transactions Committee.

The Table summarising the Committee with its composition is shown below.



11. The Board of Statutory Auditors

With the Shareholders’ Meeting of 23 April 2018, the term of the Board of Statutory Auditors appointed by the Shareholders’ Meeting of UnipolSai on 17 June 2015 expired. The aforementioned Shareholders’ Meeting appointed the new board of statutory auditors confirming the same components of the previous Board (Chairman and Statutory Auditors).

Board of Statutory Auditors in office until 23 April 2018

Number of meetings held during the Year: 7

Average length of meetings: 1 hour and 30 minutes

Average participation: 100%

The Board of Statutory Auditors participated in all meetings of the Control and Risk Committee, the Related Party Transactions Committee and the Remuneration Committee.

Board of Statutory Auditors in office since 23 April 2018

Number of meetings held during the Year: 13

Average length of meetings: 1 hour and 40 minutes

Average participation: 100%

Number of meetings already held in 2019: 7 [

The Board of Statutory Auditors participated in all meetings of the Control and Risk Committee, the Related Party Transactions Committee and the Remuneration Committee.

11.1 Role and Responsibilities

In accordance with Legislative Decree no. 39/2010, as amended by Legislative Decree no. 135/2016, on the statutory audits of the annual accounts and consolidated financial statements (that has made substantial changes to the rules governing the supervisory functions falling under the responsibility of the control body of public interest entities, in which UnipolSai is included), besides supervising compliance with legal provisions, By-Laws and principles of sound management, the Board of Statutory Auditors is also responsible – also while carrying out its tasks as internal control and audit committee – for:

- informing the administrative body of the Company about the outcome of the statutory audit;
- monitoring the financial reporting process and presenting the recommendations or the proposals aimed at guaranteeing its integrity;
- controlling the effectiveness of the systems for the internal control of the quality and management of the risk profile and internal review as regards the financial reporting of the Company;
- supervising the independent audit of the accounts;
- verifying and monitoring the independence of the audit company, especially as regards non-audit services rendered to the Company by the same independent auditors and the entities belonging to the same network;
- formulating the proposal of appointment for the audit to be submitted to the Meeting, based on the procedure for the selection of the independent auditors. The Board of Statutory Auditors is also responsible for the fairness of this procedure.

11.2 Appointment

Pursuant to the Law and the By-Laws, the Board of Statutory Auditors is appointed on the basis of lists submitted by the Shareholders who are entitled to vote at the related Shareholders' Meetings at the time of their presentation. The lists are divided in two sections, one for the candidates for the office of Statutory Auditor, the other for the candidates for the office of Alternate Auditor. They must contain a number of candidates not exceeding the number of members to be elected (max. three names in each section) to be listed in sequential order. The lists must be filed with the registered office of the Company within 25 days before the date of the Shareholders' Meeting convened to resolve upon the appointment of the members of the Board of Statutory Auditors.

Each list that, considering both sections, contains a number of candidates equal or greater than three must ensure compliance with the balance between genders prescribed by the law and other regulations in force (mandatory rules introduced by Law no. 120 of 12 July 2011 in Articles 147-ter, Paragraph 1-ter and 148, Paragraph 1-bis of the TUF and CONSOB Resolution no. 18098 in Art. 144-undecies of Issuers' Regulation, concerning equal access by genders to management and control bodies of companies listed in regulated markets).

A candidate can appear on only one list, on pain of ineligibility.

The lists can be submitted by entitled Shareholders who, alone or together with other Shareholders, own in total the stake specified by the law and other regulations in force governing the appointment of the members of the management and control bodies of the companies. With reference to the appointment of the Board of Statutory Auditors in office by the Shareholders' Meeting of 23 April 2018, said stake, determined by CONSOB with resolution no. 20273 of 24 January 2018, was equal to 1% of ordinary share capital.

Those submitting a "minority list" are also recipients of the recommendations made by CONSOB in its document DEM/9017893 of 26 February 2009.

The lists will be accompanied by full information regarding the personal and professional characteristics of the candidates, a statement of the absence of causes of ineligibility and incompatibility, as well as the satisfaction of the requirements for the holding of positions, including compliance with the limits to the holding of positions established by the current regulations.

The lists, along with the information on the characteristics of the candidates, are promptly published through the Company's Website.

The election of the members takes place as follows:

1. from the list which has obtained the largest number of Shareholders' votes, according to the progressive order in which they are listed in the sections of the list, two full members and one deputy member are taken;
2. the remaining Standing Auditor and the remaining Alternate Auditor are taken from the list that came second in terms of votes and that is not linked, not even indirectly, to those who submitted or voted the list that obtained the highest number of votes. In the case of a tie vote between two or more lists, a ballot will be held between such lists, the candidates elected being from the list that obtains the relative majority of the votes.

The Board of Statutory Auditors will be chaired by the Statutory Auditor elected from the list that ranked second in terms of votes.

If a Statutory Auditor must be replaced, the replacement is the Alternate Auditor from the same list. Failing which, in case the ceasing Statutory Auditor had been appointed by the minority Shareholders, then such Statutory Auditor is replaced by the candidate listed thereafter in the same list to which the ceasing Statutory Auditor belonged or, in further suborder, the first candidate of the list which had obtained the third highest number of votes. The replacement must ensure compliance with the proportion of genders required by the provisions of the law and regulations in force.

The replacement must guarantee compliance with the balance of genders prescribed by the law and other regulations in force. As regards the provisions of Art. 36 of Decree-Law no. 201 of 6 December 2011 (converted into Law no. 214 of 22 December 2011), which provides for the prohibition from accepting or exercising offices between companies and groups of competing companies operating in the credit, insurance and financial markets, the Company verifies the existence of potential cases of incompatibility of its Statutory Auditors.

11.3 Composition and operation

The Shareholders' Meeting of 23 April 2018 appointed the Board of Statutory Auditors currently in office, on the basis of the two lists presented by the Shareholders – of which one jointly presented by the majority Shareholder Unipol and the other, jointly, within the extended term set forth in the applicable laws for a presentation within the ordinary deadline of a single list, by some asset management companies and institutional investors holding a total of 0.6205% of the ordinary share capital of the Company.

The Board of Statutory Auditors is composed of three Statutory Auditors and three Alternate Auditors, conferring upon the same a three-year mandate and, therefore, until the Shareholders' Meeting called to approve the 2020 financial statements.

From the majority list, which received the majority of votes, two Standing Auditors, Mr Giuseppe Angiolini and Ms Silvia Bocci, and two Alternate Auditors, Mr Domenico Livio Trombone and Ms Luciana Ravicini, were selected; while from the minority list the Chairman of the Board of Statutory Auditors, Mr Paolo Fumagalli, and an Alternate Auditor, Ms Sara Fornasiero, were selected.

It should be noted that the statutory auditors are unchanged compared to the previous term.

The composition of the Board of Statutory Auditors is detailed in the enclosed Table no. 3.

The curricula vitae of the statutory auditors of the board are published on the Company's website.

All Members are entered in the Register of auditors and meet the requirements stipulated by the current law and the provisions of the By-Laws. The verification is carried out by the Board of Directors upon appointment of the control body and subsequently on a yearly basis in compliance with the Fit&Proper Policy.

The Board of Statutory Auditors, at the meeting of 06 February 2019, verified that its members meet the independence requirements set by the Code of Conduct for Directors and observed that its composition is adequate and the above requirements are met by its members.

For its part, upon appointment of the board of auditors at the meeting held on 10 May 2018, the Board of Directors verified that the members of the board of auditors continued to meet the requisites of suitability for the office as well as independence prescribed by Art. 148, Paragraph 3 of the TUF, pursuant to the provisions of Art. 144-novies of the Issuers' Regulation, with subsequent amendments by CONSOB Resolution no. 17326 of 13 May 2010.

The current By-Laws do not stipulate any limits to the cumulating of positions beyond those provided for by Art. 144-terdecies of the Issuers' Regulation.

The Board of Statutory Auditors meets at least every 90 days.

The members who, on their own or through third parties, have an interest in a particular Company's operation must inform promptly and thoroughly the other members and the Chairman of the Board of Directors about the nature, terms, origin and scope of that interest. During 2018 no situations have occurred in relation to which the members of the Board of Statutory Auditors have had to make such statements.

All of the Auditors attended all meetings of the Board of Directors held in 2018.

The Board of Statutory Auditors has supervised the independence of the auditing company, especially as regards non-audit services rendered to the Company and its Subsidiaries by the same auditing company and the entities belonging to the same network.

The Board has not made use of its power to request the Audit Function to carry out verifications on specific operating areas or company operations, as it believed that the control activity performed on the activities carried out and the

outcome of the controls carried out, also through exchanges and interviews with the aforementioned Audit Functions – by the Board, as part of its supervisory duties – to be satisfactory.

During the 2018 financial year, the Board of Statutory Auditors attended as invited meetings of the Control and Risk Committee, acquiring appropriate information for the purposes of coordination of the activities of the Board with those carried out by that Committee. The Board of Statutory Auditors has also participated, upon invitation, in the meetings of the Remuneration Committee and the Related Party Transactions Committee.

11.4 Diversity Criteria and Policies

As mentioned in paragraph 2.4 above, at the meeting of on 7 February 2019, the board of directors approved the Diversity Policy, pursuant to art. 123-bis of the TUF and the recommendations contained in this regard in the Code of Conduct, which also refers to certain aspects concerning the Board of Statutory Auditors.

In particular, as regards the qualitative composition of the board of auditors, given its role and specific regulatory provisions of the sector established for its members, the Policy in question is limited to providing that:

- in accordance with the provisions of law still applicable to the Company's board of auditors with regard to gender balance, at least one third of the members of the Company must belong to the less represented gender, both at the time of appointment thereof and during the term;
- to ensure the proper execution of their tasks and guarantee the effectiveness of the role, the Auditors must be able to devote adequate time and resources to the fulfilment of their duties.

The Diversity Policy will be attached to this Report and is made available according to the timeframes and methods set forth in the applicable laws.

12. Auditing Company

The Company has engaged PricewaterhouseCoopers S.p.A. as independent auditors. They audit both the separate and consolidated financial statements, as well as conduct the limited audit of the half-yearly abbreviated consolidated financial statements.

The aforesaid engagement was conferred, for the 2013-2021 period, by resolution passed at the Shareholders' Meeting of 30 July 2013. Please see the explanatory report prepared by the Directors for the Ordinary Shareholders' Meeting of UnipolSai called for 17 April 2019, regarding said engagement.

13. Relationships with Shareholders

By tradition, the Company pays particular attention to the relationships with its Shareholders and other investors, maintaining a constant dialogue with the financial markets, pursuant to the law and other regulations governing the matter, ensuring at the same time that any press release, financial and corporate documentation or presentations made to the financial community are readily available in the Investors and Governance sections of the Company's website; all of this to provide the Shareholders and the financial community in general with adequate and comprehensible information.

The Company manages relationships with its Shareholders through the following centralised offices:

- Shareholder Office, for all issues concerning the exercise of Shareholder rights;
- Investor Relations Office for relationships with the Shareholders/institutional investors (as well as with financial analysts), particularly with regard to:
 - the coordination of the process of drafting the Group's institutional presentations;
 - the organisation of dedicated occasions for dialogue with such parties.

In particular, the Investor Relations Office dialogues with shareholders/investors in various manners, including:

- face-to-face meetings which may be held at the offices (i) of the Shareholder/institutional investor, (ii) of the Unipol Group, (iii) of financial intermediaries (iv) where international conferences are taking place;

- conference calls;
- email communications.

In 2018, the relationship with investors - due to the arrangement of the Unipol Group, together with Unipol - was characterized by the finalisation and consolidation of the Group's strategic review and reorganisation activities launched during the previous year, concerning the rationalisation projects for the insurance sector and restructuring of the banking sector.

In this context, investor relations - which intensified despite a certain scepticism and decline in interest in Italian financial securities caused by uncertain market conditions and political turbulence both globally and nationally - were characterised by:

- over 180 meetings (in person or via conference call) with 270 mainly foreign institutional investors
- participation in 12 public conferences reserved for institutional investors
- participation in 13 roadshows, organised by financial intermediaries, at the main international financial centres

As regards the relationships with the media, the Company also facilitates the attendance of journalists and qualified experts at Shareholders' Meetings.

Relations with investors and financial analysts are managed by the team coordinated by the officer in charge of Investor Relations, Mr Adriano Donati, within the Organisation Strategic Planning and Investor Relations Department (Tel +39 051 5077063 – e-mail: investor.relations@unipolsai.it, website www.unipolsai.com, Investors Section, Contact Details).





3

PART III

The internal control and risk management system

The internal control and risk management system

Intercompany and Related Party transactions and Directors' interests

The Internal Dealing

Processing of privileged information

Section III

Internal Control and Risk Management System

14. The internal control and risk management system

14.1 Introduction

The internal control and risk management system is a key element in the overall corporate governance system. It consists of a set of rules, procedures and organisational structures aimed to ensure:

- effectiveness and efficiency of corporate processes;
- suitable limits on current and future risks;
- preventing the company's involvement, even involuntary, in illegal activities, particularly those associated with money laundering, and terrorism financing;
- the prevention and correct management of the potential conflicts of interest with Related Parties, as identified by regulatory provisions of reference;
- verification that corporate strategies and policies are implemented;
- safeguarding of company asset values, also in the medium to long-term;
- reliability and integrity of information provided to corporate bodies and the market and of IT procedures;
- adequacy and promptness of the corporate data reporting system;
- compliance of business activities with the law, supervisory regulations, corporate governance regulations and the company's internal measures.

The Internal Control and Risk Management System is defined in the related Directives (the "ICS Directives") adopted by the UnipolSai Board of Directors on 20 March 2014 and periodically updated thereafter, the last update being approved in the Board meeting on 21 December 2017.

The ICS Directives define the roles and responsibilities of the parties involved in the internal control and risk management system, as well as the coordination methods and information flows between the different parties involved in this system.

The internal control and risk management system also includes an internal system for reporting by personnel concerning acts or events that may constitute a violation of the provisions governing the activity carried out, which guarantees a specific and confidential information channel, as well as the anonymity of the reporting party. This system is formalised in the Whistleblowing Procedure approved by the Board of Directors of UnipolSai on 9 August 2018. The principles and processes of the risk management system as a whole are governed in the following Group policies: "Risk Management Policy", "Current and Forward-looking Risk Assessment Policy", "Operational Risk Management Policy" and "Group-level Risk Concentration Policy". Also an integral part of the risk management system are the policies that outline the principles and guidelines on: (i) management of specific risk factors (e.g. the "Group Investment Policy" for market risk and "Credit Policy" for credit risk), (ii) management of a risk within a specific process, and (iii) mitigation of a risk and (iv) management of risk measurement models.

14.2 Risk Management System

The risk management system is the set of processes and tools used in support of the risk management strategy of the Unipol Group; it provides adequate understanding of the nature and significance of risks to which the Group and individual companies, including UnipolSai, are exposed. The risk management system allows the adoption of a single point of view and a holistic approach to risk management, and is an integral part of the management of the business. Within the risk management system, the risk management process, applied also by UnipolSai, is split into the following stages:

- identification of risks, consisting in the identification of risks believed to be significant i.e. those the consequences of which can endanger the solvency or reputation of UnipolSai or be a serious obstacle to the achievement of strategic objectives;

- current and forward-looking assessment of risk exposure, the current and forward-looking assessment of risk exposure is performed through methods envisaged in regulations and best practices as regards risks for which measurement is not regulated or defined by high-level principles. With regard to the forward-looking assessment, the Own Risk and Solvency Assessment (ORSA) is used to support the strategic decisions of the Company;
- monitoring of risk exposure and reporting, a system implemented on the basis of principles of completeness, promptness and disclosure efficiency - to ensure a timely and ongoing monitoring on the evolution of the Risk Profile and the compliance of the Risk Appetite identified. This system guarantees that the quality and quantity of information provided is commensurate with the needs of the different recipients and with the complexity of the business managed, in order for it to be used as a strategic and operating tool in assessing the potential impact of decisions on the Company's risk profile and solvency;
- mitigation of risks, which consists in identifying and proposing action required and/or useful in mitigating existing or prospective levels of risk not in line with the related objectives defined at corporate level.

The risk identification, assessment and monitoring processes are performed on an ongoing basis, to take into account any changes in their nature, business volumes and market context, and the insurgence of new risks, or changes in existing risks.

These processes are carried out using methods that guarantee an integrated approach at Group level. The Parent Company ensures that the risk management policy is implemented consistently and continuously within the entire Group, taking into account the risks of each company in the scope of supervision on the Group and their mutual interdependencies.

14.3 Risk Appetite and Risk Framework

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

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

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

Based on these principles and in order to pursue the assigned objectives, the risk management system is designed around a fundamental concept: Risk Appetite.

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

- the objective is not to eliminate risks but to manage them in such a way as to ensure sustainable, long-term growth;
- the components of the risk profile most important to guarantee the security and protection of customers, employees and the market are: capital strength, adequate liquidity and a sound reputation;
- it is necessary to create fair relations with all the stakeholders, satisfying their demands and expectations in terms of risk management.

In line with said principles, UnipolSai ensures adequate levels of:

- capitalisation, to avoid revising strategic decisions;
- liquidity, to be able to meet one's commitments even in periods of stress due to company-specific or market-wide events under reasonable conditions and in a reasonable time;
- monitoring of reputational risk, to minimise the risk of negative events that can damage the image of the Company and/or the Group;
- monitoring of emerging risks to anticipate the arising of risks that can damage the capital strength, and arrange for their management;

- monitoring of operational risk, to ensure, even in the case of extreme events, the continuity of business transactions and the safeguard of the corporate capital.

The Risk Appetite can be established as a fixed target or as a range of possible values and is broken down into quantitative and qualitative elements.

In quantitative terms, Risk Appetite is determined on the basis of the following elements:

- capital at risk;
- capital adequacy;
- liquidity/ALM (Asset Liability Management) ratios.

Quality objectives are defined in reference to compliance, strategic, emerging, reputational and operational risks.

The Risk Appetite is formalised in the Risk Appetite Statement, which indicates the risks that the Company intends to assume or avoid, sets the quantitative limits and the qualitative criteria to be taken into account for the management of unquantified risks.

The Risk Appetite forms part of a reference framework - called the Risk Appetite Framework (RAF). The RAF is defined in strict compliance and prompt reconciliation with the business model, the strategic plan, the ORSA process, the budget, company organisation and the internal control system. The RAF defines the Risk Appetite and other components ensuring its management, both in normal and stress conditions. These components are:

- Risk Capacity;
- Risk Tolerance;
- Risk Limits (or operational risk limits);
- Risk Profile.

The activity to define RAF components is dynamic, and reflects the risk management objectives associated with the objectives of the Strategic Plan. Verification is performed annually as part of the process of assigning Budget objectives. Further analyses for the preventive control of Risk Appetite, and capital adequacy in particular, are performed when studying extraordinary transactions (mergers, acquisitions, disposals).

The RAF is articulated in several dimensions of analysis, with the aim of guaranteeing ongoing monitoring of risk and capital adequacy trends. The main dimensions of the analysis are: individual risk category, overall, individual company and group risk.

14.4 The ORSA process

In the risk management system, the ORSA process allows the risk profile analysis of the Company, whether final or forward-looking, based on strategy, the market context and business development. In addition, ORSA is an element of the assessments made to support operational and strategic decisions.

14.5 Structure of the control levels

The internal control and risk management system is divided into various 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 heads of the operating structures, or carried out as part of back office activities; as far as possible, they are incorporated in IT procedures. 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, inter alia:
 - 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 different functions;
- the compliance of company transactions with the regulations, also self-regulatory;
- the reliability and adequacy of the calculation of Solvency II technical provisions.

The functions in charge of these controls are separate from the operating functions; they help define the risk governance policies and the risk management process;

- **internal review** internal review (so-called “third-level controls”), verification of the completeness, functionality, adequacy and reliability of the Internal Control and Risk Management System (including the first- and second-level controls) and that business operations comply with the system.

14.6 Corporate bodies

Board of Directors

The Board of Directors is ultimately responsible for the Internal Control and Risk Management System, for which it has to ensure constant completeness, function and effectiveness. In this respect, the Board approves - amongst other things - the top level organisational structure and the assignment of duties and responsibilities to the operating units, ensuring appropriate segregation of functions. Subject to the opinion of the Control and Risk Committee, it also defines the guidelines for the internal control and risk management system, performing an annual assessment of system adequacy, effectiveness and actual operations.

Pursuant to the ICS Directives, all parties involved in the internal control and risk management system exchange information flows as envisaged in current regulations and all other information useful to guarantee that the Board of Directors is fully aware of the significant corporate events and that the other parties involved have all the information necessary to perform their own duties.

Appointed Director

Consistently with the recommendations laid down in the Code of Conduct - and in particular in Art. 7 of the same Code, which provides that the Board of Directors “*sets guidelines and assesses the adequacy of the system*” and “*identifies one or more directors within it, in charge of establishing and maintaining an effective system of internal control and risk management*” - the Board of Directors, lastly at the Board Meeting held on 27 April 2016, appointed as Appointed Director - by virtue of his in-depth knowledge gathered on the corporate process and the Internal Control and Risk Management System within the Unipol Group - its Chairman Mr Carlo Cimbri.

The Board of Directors assigned the following functions, duties and powers to the Appointed Director, in compliance with applicable legal and regulatory measures:

- handling the identification of the main corporate risks, taking account of the features of the activities carried out by the Company and its subsidiaries, regularly subjecting them to review by the Board of Directors;
- implementing the guidelines set by the Board of Directors, overseeing the design, implementation and management of the internal control and risk management system, and constantly verifying its adequacy and effectiveness;
- ensuring adaptation of the internal control and risk management system to changes in the operating conditions and in the legal and regulatory framework;
- if necessary, asking the Audit Function to perform audits on specific operating units and of compliance with internal rules and procedures in the execution of corporate transactions, reporting on these to the Chairman of the Control and Risk Committee and of the Board of Statutory Auditors;
- checking that the administrative body is periodically informed on the effectiveness and adequacy of the internal control and risk management system and the Compliance Function and in any case promptly informing the Control and Risk Committee and the Board of Directors of any significant problem and critical issue identified during his/her activities or anyway notified, so that the appropriate initiatives may be carried out;

with reference to the Heads of the Fundamental Functions, formulating proposals to the Board of Directors, after receiving the favourable opinion from the Control and Risk Committee, for:

- their appointment and removal;
- the availability of suitable resources in fulfilling their responsibility;
- defining their remuneration in line with the corporate policies;

- expressing to the Board of Directors opinions regarding the work plans prepared by the Heads of the Fundamental Functions.

Top Management (i.e., the General Manager and top management in charge of the decision-making process and implementation of strategies²):

Supports the Appointed Director in designing and implementing the internal control and risk management system, including those deriving from non-compliance with the regulations, in line with the directives and the risk governance policies defined by the Board of Directors and with the guidelines set by the Parent Company.

14.7 Fundamental Functions (Audit, Risk Management, Compliance and Actuarial Function)

Pursuant to applicable industry legislation, the Company's organisational structure requires that the Company Control Functions be separated from an organisational point of view, report directly to the Board of Directors and operate under the coordination of the Appointed Director.

The Audit Function reports directly to the Board of Directors; as of 16 July 2018, the Risk Management Function reports hierarchically to the Chairman and the Compliance Function reports hierarchically to the General Manager of the Governance, Human Resources and Law Joint Department.

The Actuarial Function - which reports hierarchically to the Joint General Manager of Administration, Management Control and Operation - enjoys the necessary independence and separation in carrying out its duties so as to avoid conflicts of interest with the Group divisions responsible for the results of technical and operational management. Any situations of potential conflict of interest are resolved through the appropriate diversification and separation of duties within the Actuarial Function itself. The "Actuarial Function - Validation", with responsibility in the Non-Life and Life segments, and the "Actuarial Function - Calculation" office, which calculates the Solvency II technical provisions in the Non-Life business for the Company, report to the head of the Actuarial Function.

The Audit, Risk Management and Compliance Functions use a method and a reporting system in common, which offer maximum convergence in the description of processes, the assessment of operational risks and assessment of the Internal Control and Risk Management System.

In the organisational model designed in the ICS Directives, in addition to conducting their own activities for the Company, the Fundamental Functions, besides carrying out the activities within their competence for the Company, guarantee outsourcing of the service for the companies that have signed specific service agreements with UnipolSai and which report to the corresponding departments of the Parent Company.

The previously mentioned Fit&Proper Policy also describes the procedure for assessing the eligibility requirements for the position in reference to the Heads of the Fundamental Functions.

1) Audit

The Audit Function assesses the completeness, function, reliability and adequacy of the internal control and risk management system according to the nature of the business activities and the level of risks undertaken, as well as its updating, also through support and advisory activities provided to other company functions. The methods of execution of the tasks assigned to the Audit Function are defined and formalised in the document "Audit Function Regulations", attached to the ICS Directives.

The Audit Manager, Mr Andrea Alessandri, was appointed by the Board of Directors of the Company on 13 November 2012, and his duties were specified and approved by a resolution of the Board of Directors, which also established his powers, responsibilities and reporting methods. He is not in charge of any operating department.

² Key Managers are those identified for the purposes of the application of the supervisory regulations on intercompany transactions.

Personnel assigned to this Function must be granted freedom of access to all company structures and to documentation relating to audit tasks, including information useful in verifying the adequacy of controls carried out by outsourced corporate functions. The structures being audited must also provide accurate and complete information.

Both continuously and in relation to specific needs, and in compliance with international standards, the Audit Function verifies the operations and suitability of the internal control and risk management system by means of an audit plan, approved by the Board of Directors, based on a structured process of analysis and prioritisation of the main risks. The 2018 plan was approved by the Board of Directors on 8 February 2018 after prior examination by the Control and Risk Committee and after consulting the Board of Statutory Auditors and the Appointed Director.

The Audit Function's duties include the following types of activity:

- process audit (insurance, operational, financial and information technology);
- within its competence, the preparation of reports required by regulations and the performance of related activities;
- verification/inspection of the insurance agencies and claims settlement services;
- verification of internal fraud by employees, trustees and salespeople;
- cooperation with the Control and Risk Committee, the Auditing Company, the Board of Statutory Auditors and the Supervisory Body set up according to Legislative Decree 231/2001.

As part of these activities, the audits refer in particular to:

- the function of the overall internal control and risk management system as regards risks intrinsic to the processes examined and the identification of anomalous trends;
- compliance with regulations, policies and directives approved by the Board of Directors, organisational procedures and, in general, internal regulations;
- compliance with limits envisaged by delegated power mechanisms and the full and correct use of available information;
- IT system adequacy and reliability in ensuring that the quality of information on which Top Management bases its decisions is not compromised;
- compliance of administrative and accounting processes with the criteria of accounting accuracy and correct record keeping;
- effectiveness and efficiency of controls on outsourced activities.

At the end of each audit, the corresponding report is prepared for Top Management and the parties concerned. If particularly significant or serious situations are found, these must be promptly reported to the Board of Directors, the Board of Statutory Auditors, the Control and Risk Committee and the Appointed Director, for which the half-year reports on the activity performed are prepared, as a summary of the audits carried out in the period of reference.

The Audit Function is assigned a budget based on its own estimation of needs which, where necessary, can also be supplemented during the year.

II) Risk Management

In the risk management system, the Risk Management Function is required to identify, measure, evaluate and monitor on an ongoing basis the current and future risks to which the company is or might be exposed, at the individual and aggregate level, as well as their interconnections.

In exercising its role, the Risk Management Function is in charge of the development, implementation and maintenance of the risk measurement and control systems. Among these, special relevance is given to the definition and the use of instruments to calculate the capital needed against the risks identified.

In this regard, it is noted that IVASS authorised UnipolSai to use the partial internal model for calculating the individual solvency capital requirement, starting from the valuations as of 31 December 2016.

Within the Company, the responsibility for the design and implementation of this model is separated from the responsibility for its validation.

The Risk Management Function is also in charge of:

- monitoring data quality with special reference to the calculation of the solvency capital requirement for Solvency II purposes;
- assessing the impact of operational risk deriving from catastrophic events as specified in the Business Continuity Management Policy and for these objectives it co-operates with the function in charge of the Business Continuity Plan.

The Risk Management Function also contributes to the dissemination of a risk culture throughout the Group.

III) Compliance

The Compliance Function is in charge of evaluating, with a risk-based approach, the adequacy of procedures, processes, policies, and internal organisation to prevent the risk of non-compliance, i.e. the risk of incurring judicial or administrative sanctions, significant financial losses or reputational damage as a result of violations of mandatory rules (laws, regulations, rulings of Supervisory Authorities) and self-regulation (e.g. by-laws, ethics codes, self-governance codes, internal policies and corporate communications).

This risk is found at all levels of the organisation; accordingly its correct management is a major topic and deeply connected with day-to-day transactions, with particular reference to relations with clients. Specifically, its main feature is the considerable pervasiveness in business activities and the involvement of several organisational structures.

The Compliance Function operates through:

- the continuous identification of the applicable rules and the evaluation of their impact on business 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;
- the evaluation of the effectiveness of organisational adjustments (structures, processes and procedures) as a result of the suggested changes;
- arranging information flows aimed at corporate bodies and the structures involved.

To this end, the methodology used provides for different types of activities that can be broken down into:

- *ex-ante* activities, with the aim of supporting Top Management in the adjustment activity in relation to new projects/products/processes/regulations: the Compliance Function analyses the reference regulations, the impacted corporate processes and the actions identified by management, also supporting in the identification of the most suitable actions/measures to guarantee that the compliance risk is kept within certain acceptable limits and in line with the Risk Appetite of the Company and Unipol Group;
- *ex-post* activities that are aimed at representing the level of compliance of the procedures, the process, the policies and the internal organisation of the Company to the applicable legislation and the compliance risk.

As part of the Compliance Function, the “Model 231 monitoring” Function is established, which has the responsibility of monitoring the legislative changes concerning Legislative Decree no. 231/2001, ensuring compliance with the regulations and updating the Organisation, Management and Control Model prepared pursuant to this regulation, as well as the management of the related risk mapping.

IV) Actuarial Function

Effective from 1 January 2016, the Company’s Board of Directors set up the Actuarial Function, which has the task of coordinating the calculation of technical reserves, assessing the adequacy of the methodologies, models and assumptions according to which this calculation is based and assessing the sufficiency and quality of the data used. It expresses an opinion on the overall risk underwriting policy and on the adequacy of reinsurance agreements; it also provides a contribution to the risk management system, also with reference to their modelling underlying the calculation of the capital requirement. Pursuant to the Private Insurance Code, the Actuarial Function is exercised by

an actuary registered in the professional register pursuant to Law no. 194 of 9 February 1942, or parties with sufficient mathematical, actuarial and financial knowledge with respect to the nature, extent and complexity of the risks inherent in the company's activities and proven professional experience in the relevant matters for the purpose of fulfilling these duties.

14.8 Financial Reporting Officer

The Financial Reporting Officer is entrusted with the task of contributing to the proper management of the company, arranging, in a strategic area such as that of correct financial information, appropriate organisational measures to ensure the achievement of this objective.

The Financial Reporting Officer of the Company is Mr Maurizio Castellina, General Manager of the Administration, Management Control and Operations Joint Department, appointed to his office by the Board of Directors at the meeting of 27 April 2016.

Pursuant to the provisions of the By-Laws, the Board appointed him after obtaining the favourable opinion of the Board of Statutory Auditors and verifying that he possessed the professional requisites established by the By-Laws which state that the Financial Reporting Officer should be an individual *"with adequate professionalism that has carried out management activities in the administrative/accounting or financial or management control or internal audit sector of a company whose financial instruments are listed in a regulated market or one that carries out banking, insurance or financial activities or, in any case, a large corporation."*

The Financial Reporting Officer has an independent staff structure and can request the support of any other structure of the Company and its Subsidiaries; in particular, the Audit, Compliance and Organisation Functions, in cooperation with the Board of Statutory Auditors, the Control and Risk Committee and the Supervisory Body. In addition, he may avail himself of the assistance of the appointed independent auditors for the exchange of information on the system of administrative and accounting control. Twice a year, the Financial Reporting Officer meets the Board of Statutory Auditors to share the results of the monitoring of the control system.

The Financial Reporting Officer may also intervene in respect of Subsidiaries that contribute significantly to the consolidated annual accounts, setting - subject to the independence and prerogatives of those companies - guidelines on approach and method for all functions that could significantly affect the administrative and accounting processes relevant to the statements and certificates that must be issued.

The Financial Reporting Officer attends, as a guest, the meetings of the Board of Directors that approve the separate and consolidated financial statements and other regular accounting reports.

14.9 Methods of coordination among the subjects involved in the internal control and risk management system

It is essential within the internal control and risk management system that interaction is guaranteed between the subjects involved in it, together with a regular flow of information between these subjects and the corporate bodies.

The Board of Statutory Auditors, the Auditing Company, the Fundamental Functions, the Supervisory Body pursuant to Legislative Decree no. 231/2001 and any other board and function assigned specific control responsibilities co-operate with each other, exchanging useful information to perform the tasks assigned to them. To this end, specific reports are required on the activities carried out and on the risk situation, towards the corporate bodies and the Top Management and the Board and corporate Committees, which ensure the involvement of and sharing with all the functions concerned.

In particular, mutual connections are already in place between the various Fundamental Functions, implying:

- participation in the meetings of the Control and Risk Committee and the Supervisory Body;
- disclosure and discussion about the annual planning of the activities of the same Functions;
- periodic meetings aimed at sharing the results emerged from the control activity performed and the assessment of the residual risks and the internal control and risk management system, also through a common application platform, as described below;

- information flows that imply the mutual exchange of the documents produced by the individual Fundamental Functions (such as, for example, the results of the audits performed, the episodes of failed regulatory compliance and regular reports on complaints).

The Fundamental Functions annually submit to the Board of Directors their scheduled activities planned for the reference year and also inform the administrative body every six months on the activities performed and on the main critical elements found and on any actions proposed. In performing the advisory and propositional functions concerning the internal control and risk management system, the Control and Risk Committee and the Board of Statutory Auditors receive the plan of activities and periodic information from the Fundamental Functions with regard to the activities carried out.

The Group has also adopted a common application platform that is accessed by the Audit, Risk Management and Compliance Functions and by the other bodies/subjects with control tasks, in order to guarantee an integrated approach to the activities of mapping and analysing processes, risks and controls, for each Group company, and the continuous monitoring of any placement actions communicated to the operating structures following the analyses carried out by the aforementioned Functions.

This platform thus allows the latter:

- to share the wealth of information gathered as a result of the analysis/audit activities;
- to attain synergies in order to better monitor all the corporate activities;
- to produce summary reports for the Top Management.

14.10 Main features of the existing internal control and risk management systems with regard to the financial reporting process, including consolidated accounts

In compliance with the provisions of the TUF - Section V-*bis* "Financial Information", UnipolSai has implemented a control model, to support the Financial Reporting Officer, for verifying the adequacy and effective application of the administrative procedures relating to accounting and financial reporting.

The "model of financial reporting risk" adopted is based on a process defined in accordance with the following reference framework, generally recognised and accepted internationally:

- I. CoSo Framework (Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Tradeway Commission), widely recognised as the standard of reference for the implementation and evaluation of internal control systems;
- II. CObiT (Control Objective for IT and Related Technology), outline of best practices developed by ISACA (Information Systems Audit and Control Association) and ITGI (IT Governance Institute) which is the standard benchmark for IT Governance.

In particular, as regards the elements of internal control on financial information set out in the CoSo Report, the Company has adopted the following guidelines:

- control environment: it reflects the attention paid by Top Management to the importance of the internal control culture in the company's organisation and is monitored through control assessments and the documentation at Group level (Entity Level Control);
- risk assessment: risk analysis methods at the process level have been defined and implemented, through a preliminary Top-Down analysis, both qualitative and quantitative, which leads to the definition of the relevant processes (Scoping). For these processes an identification and analytical assessment is then carried out of the risks of failure to achieve control objectives, in respect of truthfulness, accuracy, reliability and timeliness of the financial reporting;
- control activities: the activities for proper management and mitigation of risks described earlier have been identified, documented and evaluated;
- information and communication: a process of assessment of the proper management of information flows between the different functions of the Company and the Top Management has been implemented in order to ensure that all parties belonging to the structure execute properly the tasks attributed to them. This evaluation is formalised within the analysis of the components "Control Environment" and "Control Activities";

- monitoring: the Company has implemented a process of regular monitoring of the long-term reliability of the internal control and risk management system.

In line with the guidelines described above the risk management and internal control process on financial information comprises the following stages:

Stage 1 – Definition of the perimeter of analysis: this activity is carried out every year, after the approval of the financial statements, and is articulated as follows:

- identification of significant Subsidiaries: the selection is performed on the basis of both quantitative criteria (percentage contribution by the individual company to consolidated assets and consolidated profit) and qualitative criteria, based on the risk profile of the single companies;
- identification of significant items/accounts: for the companies identified, the identification of related items and accounts is performed by defining materiality thresholds;
- matching significant items/accounts with processes: for significant accounts, through the identification of classes of supply transactions, an array of matching accounts – processes is prepared. This array is the tool through which to identify the processes subject to later analysis.

Stage 2 – Evaluation of the Control Environment: annually, the documentation is updated for Company controls (Entity Level Control - ELC) and the assessment of the level of achievement of the control objectives is performed. This analysis makes it possible to:

- verify the adequacy of the control model dimensions not covered directly through the process-level analysis, internal corporate information/communications, monitoring and risk assessment processes;;
- draw a picture of the business context in which the internal control and risk management system operates, thus obtaining useful information to direct the subsequent stages of risk analysis/controls and tests in the context of the processes;
- obtain an immediate picture of the monitoring level of the controls and internal regulations of the companies of the Unipol Group, to support the statements of the Financial Reporting Officer and the necessary delegated Chairman.

Stage 3 – Assessment of risks and of the chart of controls at process level: regularly, in the case of revisions of the processes of business structures as a result of organisational changes, the documentation of risks and controls related to the financial reporting process is updated. This documentation is implemented through the provision, for each process identified as relevant in Stage 1 "Definition of the scope of analysis", of the Risk and Control Arrays (Risk & Control Analysis - RCA). In particular, the Risk & Control Analysis is structured as follows:

- definition of the risks through the identification and description of the type of risk;
- identifying the control objectives associated with risk and indication of the financial assertion of the accounts affected;
- control assessment through:
 - the description of the control activities under the control objective and the risk factor identified;
 - identifying the type of control;
 - the evaluation of the adequacy and effectiveness of the audit activities, in terms of risk mitigation, on the basis of the evidence collected;
 - the assessment/presentation of the evidence of the control;
 - an overall judgement by the correlation between the effectiveness of the control and the presence of the relevant check evidence;
- the areas for improvement collected on the control in respect of improvements in control design and/or its documentation.

Stage 4 – Verification of the actual application of controls at the process level: this stage, carried out twice a year, with the annual and half-yearly abbreviated consolidated financial statements, is designed to monitor the effectiveness of the internal control system, and therefore assess its reliability over time.

The test of effectiveness of the controls consists in verifying the effective performance of all "key controls" of a manual nature by the structure involved, as well as the ways in which controls are carried out by the organisational units involved.

During the test, the following activities are carried out:

- definition of the test specimen for the key controls identified;
- performance of the tests according to three procedures, namely Observation, Analysis of evidence and Rerunning the audit activity;
- assigning a relative weight to the issues identified and their evaluation.

The number of the selected sample takes into account the nature of the controls to be tested or types of controls (manual or automated) and frequency.

At the end of the testing phase, after the evaluation and formalisation of the reliability level found, further corrective actions can be identified aimed at improving the effectiveness of the control system.

Stage 5 – Claims release process under Art. 154-bis of the TUF: prior to the release of the statements attached to the annual financial statements and the separate half-yearly report, the annual consolidated financial statements and the half-yearly abbreviated consolidated financial statements of the Company, a Report on the internal control and risk management system is drawn up pursuant to the applicable legislation, that highlights, in depth, the features of the internal control system implemented and the findings of the verification and monitoring activities performed. The Financial Reporting Officer sends the Report to the Chairman of the Board of Directors, the General Manager, the Chairman of the Board of Statutory Auditors, the Chairman of the Control and Risk Committee, the Head of the Audit Function and, for information, to the Auditing Company.

The Board of Directors, at its meeting of 22 March 2018, examined the contents of the report of the Financial Reporting Officer prepared with reference to 31 December 2017.

On the basis of the Report highlighted above and the data verification activities carried out by the administrative structures, the Chairman, purposefully delegated, and the Financial Reporting Officer will prepare the certificates laid down in Art. 154-bis of the TUF.

In the case of statements concerning communications to the market containing material accounting data, the Financial Reporting Officer, after a verification process, issues the statement of alignment of the data to the results of the accounting books and records.

14.11 The Organisation, Management and Control Model

The current Organisation, Management and Control Model (the “MOG” or the “Model”) of the Company adopted pursuant to Art. 6, Paragraph 1, letter a) of Legislative Decree no. 231 of 8 June 2001, carrying the “Rules on the administrative liability of legal persons, companies and associations with or without legal status, pursuant to Art. 11 of law no. 300 of 29 September 2000” (the “Decree 231/2001”), was approved by the Board of Directors of UnipolSai on 27 September 2018, in its updated version.

UnipolSai has identified risk areas on the basis of the following major offence categories, as set forth in Decree 231/2001, specifically:

1. offences against the Public Administration;
2. corporate offences;
3. offences and misdemeanours of abuse of information, market manipulation and market rigging;
4. receiving stolen goods, money laundering, self-money laundering and offences for the purposes of terrorism or subversion of the democratic order;
5. computer crime and unlawful use of data;
6. manslaughter or personal injuries related to violations of occupational health and workplace safety standards;
7. crimes of money counterfeiting;
8. organised crime and cross-border offences;
9. environmental offences;
10. crimes against industry and trade;
11. infringement of copyrights;
12. employment of third-country citizens without the required work permits;
13. incitement not to testify or to provide false statements to legal authorities;
14. unlawful intermediation and exploitation of labour

The Model, for the General Part only, is available on the Company's website in the *Corporate Governance System* section.

UnipolSai has also established the Supervisory Body ("Organismo di Vigilanza" or "ODV") pursuant to Art. 6, Paragraph 1, lett. b) of the Decree 231/2001.

Paragraph 5.1 of the current MOG provides for the Supervisory Body to consist of five members, identified as follows:

- the three members of the Control and Risk Committee, independent non-executive Directors;
- another two members, chosen among external professionals with adequate competences and professionalism or, alternatively, by Top Managers, in charge of the Audit and/or Compliance Function.

With reference to these last two members, the second alternative mentioned above was chosen.

This composition was believed to be the most efficient and appropriate for the performance of the tasks that Decree 231/2001 assigns to that body.

Please note that the Supervisory Body in office was appointed by the Board of Directors at its meeting of 12 May 2016 and subsequently supplemented by the same administrative body at the meeting on 5 October 2017, after having verified that the members thereof meet subjective requirements, in accordance with the Model and the current legislation.

The term of office of ODV is the same as for the Board of Directors.

The composition of the ODV is shown in the Table below.

| | Members | Office held | Member in office since | Member in office until ⁽⁴⁾ | Independent ⁽⁵⁾ | % Holding ⁽⁶⁾ |
|------------------|-----------------------------------|-------------|------------------------|---------------------------------------|----------------------------|--------------------------|
| SUPERVISORY BODY | Masotti Massimo ⁽¹⁾ | Chairman | 12/05/2016 | 31/12/2018 | X | 100% |
| | Righini Elisabetta ⁽¹⁾ | Member | 12/05/2016 | 31/12/2018 | X | 100% |
| | Ghiglieno Giorgio ⁽¹⁾ | Member | 12/05/2016 | 31/12/2018 | X | 100% |
| | Alessandri Andrea ⁽²⁾ | Member | 12/05/2016 | 31/12/2018 | X | 100% |
| | Ranieri Pietro ⁽³⁾ | Member | 05/10/2017 | 31/12/2018 | X | 100% |

(1) Members of the Control and Risk Committee.

(2) Head of the Audit Function.

(3) Manager of the Compliance function.

(4) The term of office of the Supervisory Body is the same as for the Board of Directors, i.e. until the Meeting to approve the financial statements on 31 December 2018.

(5) The independence requirement foreseen in the current Organisation, Management and Control Model.

(6) The percentage was calculated on the basis of the number of meetings attended by the individual member of the Supervisory Body, compared with the number of meetings held during the duration in office.

The Body typically meets at least on a quarterly basis; in 2018, four meetings were held.

In the context of its supervision and control activities, the Supervisory Body, during 2018, has continued to:

- supervise the effectiveness of the Model, verifying the consistence between the Model adopted and the actual behaviour;
- examine the adequacy of the Model and its real ability to prevent unwanted conduct and in particular the commission of offences pursuant to Decree no. 231/2001;
- analyse that the requirements of strength and reliability of the Model are retained over time;
- dynamically update the MOG as necessary by formulating specific suggestions and adjustment proposals and through subsequent checks of the implementation and effective functionality of the solutions proposed.

The Supervisory Body, in order to ensure appropriate information flows to the Board of Directors, has also prepared an adequate reporting system, to the Board itself, containing, in addition to the attendance of the meetings held in the period:

- a description of the activity performed;
- any reports received and the consequent surveys carried out;
- any critical issues found;
- any findings to be submitted to the management body to start the actions needed to ensure that the Model is updated, effective and efficient;
- the planning of the activities scheduled in the next period;
- on an annual basis, the demand for freely usable financial means (budget) and the statement on their use made in the previous period.

15. Intercompany and related party transactions and directors' interests

15.1 Related Party Transactions Procedure

The Related Party Procedure originally adopted by the Board of Directors of the Company on 30 November 2010, pursuant to CONSOB Regulation no. 17221 of 12 March 2010 and subsequent amendments (the "CONSOB Regulation"), was amended most recently on 6 October 2016 with the favourable opinion of the Related Party Transactions Committee and may be viewed in the Governance Section of the Company's website.

The Related-Party Procedure aims at defining the rules, methods and principles needed to ensure the transparency as well as substantive and procedural fairness of transactions with the Related Parties of the Company, either directly or through Subsidiaries ("Transactions with Related Parties" or "Transactions"). Specifically, the Related Party Procedure:

- identifies the scope of application of the regulatory framework, identifying the recipients as the Related Parties of the Company, whether direct or indirect, to be identified on the basis of the criteria set out in the CONSOB Regulations, also extending the definition of Related Party to additional subjects, not included among those specified in the list contained in IAS 24;
- identifies the methods to prepare and update the Register of Related Parties, the tool that provides support to all the business structures of the Company and its Subsidiaries, for a correct and prompt identification of Related-Party Transactions deemed relevant for the Procedure in question;
- identifies the scope of application of the regulatory framework, identifying types of "Exempt" transactions to which the regulations, whether procedural or information-related, do not apply, either wholly or in part;
- identifies the examination and decision-making process applied to transactions and identifies the rules to follow where the Company examines the Transactions entered into by its subsidiaries, as well as the information flows aimed at guaranteeing the transparency of transactions and compliance with the aforesaid procedural rules;
- pursuant to the CONSOB Regulation, provides for the approval of Related Party Transactions to be conditional to the prior reasoned opinion of the Related Party Transactions Committee, as described earlier on, that such transactions are in the Company's interest and that the related terms and conditions are correct and represent good value for money.

The rules for the Transactions are articulated differently, both in terms of procedures and in terms of transparency, according to the value of such transactions, with a distinction between (i) "Transactions of Greater Importance", identified by transposing, without modification, the thresholds specified in the CONSOB Regulation and to which more stringent rules apply, and (ii) "Transactions of Lesser Importance", subject to less strict rules.

Unless dealing with Transactions under the responsibility of the Shareholders' Meeting, approval of the Transactions of Greater Importance pertains to the Board of Directors after a favourable reasoned opinion of the Related Party Transactions Committee. The Related Party Procedure also regulates the situation in which this Committee was to express an opinion against the Transaction.

As regards the identification of Transactions of Lesser Importance, the Procedure establishes specific relevance thresholds; as regards the approval process instead:

- in the case of a negative opinion of the Related Party Transactions Committee, the power to make a decision pertains to the Board of Directors;
- in the case of a favourable opinion of this Committee, the decision is made by the competent corporate Function on the basis of the powers mandated to it.

With regard to Transactions carried out by the Subsidiaries, taking into account the presence of two listed companies in the participatory chain of the Unipol Group, each of which must comply with these rules, to avoid wherever possible the duplication of procedures, the operation of the subsidiaries of, respectively, Unipol and UnipolSai has been regulated in a coordinated manner.

The Related Party Procedure defines replacement mechanisms (equivalent devices) in the event that one or more members of the Committee is related, by stipulating that, in the case of a relationship of all members, the opinion to be given by it will be expressed by the Board of Statutory Auditors, or, if the relevant provisions cannot be applied, by an independent expert appointed by the Board of Directors.

15.2 Policy on intercompany transactions

On 10 May 2018, the Company's Board of Directors proceeded with the annual update of the Policy on intercompany transactions (the "Intercompany Policy") adopted pursuant to ISVAP Regulation no.30 of 26 October 2016 (the "IVASS Regulation"), concerning supervisory provisions on intercompany transactions and the risk concentrations according to Title XV (Group Supervision), Section III (Supervisory instruments on the group), of Legislative Decree no. 209 of 7 September 2005 – Private Insurance Code – amended by Legislative Decree no. 74 of 12 May 2015

In compliance with the provisions contained in IVASS Regulation, the Intercompany Policy defines:

- the internal rules aimed at equipping the Group and the insurance companies, including UnipolSai, that are part of it with an internal control and risk management system that includes the processes and procedures for the identification, measurement, monitoring, management and reporting of intercompany transactions;
- internal policies on the intercompany transactions of each company, consistently with the relevant strategies and the policies on investments, and particularly:
 - the criteria and the methods for carrying out intercompany transactions;
 - the methods of identifying and classifying intercompany parties;
 - the types of intercompany transactions that characterise Company operations, the criteria of significance for their classification and the relevant decision-making and approval processes, considering the corresponding risk profiles;
 - the criteria to verify the reasonableness of the price of the different types of transactions envisaged;
 - suitable operational thresholds that are in line with the features of the different categories of intercompany transactions and relevant counterparties;
 - the management of the transactions that may cause the set limits set to be exceeded;
- the obligations to communicate the transactions to IVASS assigned to the last Italian parent company.

16. Internal dealing

The Company has adopted a procedure which defines the rules for the fulfilment by the Managers and the Relevant Persons (as defined herein), as well as the People Closely Related to them (as defined in the Procedure) and by UnipolSai of the information obligations to CONSOB and to the market on purchase, sale, subscription or exchange transactions involving the shares and the bonds issued by UnipolSai, or the financial instruments linked to them, carried out by such persons even through a third party (the "Internal Dealing Procedure" or the "Procedure").

Pursuant to the Procedure:

- "Manager":
 - a) refers to the Directors, Statutory Auditors and the General Manager of UnipolSai;
 - b) refers to the other Key Managers of UnipolSai (different from the persons under letter a) above) - who have regular access to privileged information directly or indirectly concerning UnipolSai and with the power to take management decisions that may affect the future development and the prospects of the Company - identified on the basis of the organisational roles and the respective responsibilities;
- "Relevant Persons" refers to: anyone who holds a shareholding equal to at least 10% of the share capital of UnipolSai, represented by shares with voting rights, as well as any other party that controls UnipolSai.

The Internal Dealing Procedure guarantees adequate transparency and standardisation of information on transactions which - as they were carried out by (i) Managers and Relevant Persons, as parties which actively take part in decision-making processes or who have, in any case, considerable knowledge of the company's strategies, considering the functions performed or the fact that they are shareholders with either a significant or a controlling stake in UnipolSai, or (ii) the People Closely Related to them - may serve a specific "reporting purpose" for the market regarding the perception that such parties have on the prospects of the Company and its group.

The Internal Dealing Procedure – which is intended to block the possession by such persons of privileged information and its possible misuse (a case that constitutes the offence of insider trading) – thus represents a tool for the pursuit of adequate informational transparency to investors about the possible evolution and future prospects of the Company and its Group.

The system of rules laid down by the Internal Dealing Procedure includes, inter alia:

- (i) the criteria for the identification of the Managers, as parties that carry out Company management functions which, as they have regular access to privileged information and have the power to take management decisions that can affect the evolution and future prospects of UnipolSai and, accordingly, are required to carry out the communication in question;
- (ii) the definition of “People Closely Related” to the Managers and the Relevant Persons;
- (iii) the arrangements for the implementation by the Managers, the Relevant Persons and the People Closely Related to them, of communication obligations to CONSOB and to the Company of the major operations;
- (iv) the regulation of conditions for the provision by the Managers, the Relevant Persons and the People Closely Related to them of an appropriate task for the Company for the latter to carry out, on their behalf, communications to CONSOB of the major operations carried out by them.

In order to ensure conditions which enable the Company to punctually and properly meet the information obligations as mentioned above, the Internal Dealing Procedure provides that the Managers and the Relevant Persons who have entrusted the task referred to in point (iv) above must undertake to communicate to the appropriate Function of the appointed Company all major operations, of any amount, even less than the amount required by the relevant standards, carried out by themselves and/or by people closely related to them, (i) within 2 open market days starting from the date of their performance (for the Managers), (ii) by the end of the tenth day of the month subsequent to that in which the transaction is carried out (for the Relevant Persons).

In accordance with the Procedure, Relevant Transactions are all the transactions performed by or on the behalf of the Managers, the Relevant Persons or the People Closely Related to them concerning the shares or bonds of UnipolSai or the derivatives or the other financial instruments connected to them, excluding the transactions with a total accumulated amount, without netting, not reaching Euro 20,000 by the end of the year.

In order to prevent potential conflicts of interest and to protect the Company and the Group, the Managers are forbidden to carry out operations on financial instruments issued by UnipolSai (blocking period):

- in the 30 calendar days before the announcement: (i) of the preliminary results (or, when the Company does not approve the preliminary results, of the draft financial statements and the consolidated financial statements) and (ii) the half-yearly report;
- in the 7 calendar days before the announcement: (a) of periodic financial information in addition to the annual and half-yearly financial report; and (b) the forecasting data.

The Procedure may be examined in the Governance section of the Company's website.

17. Processing of privileged information

In relation to the processing of privileged information, the Company has adopted:

- the "Guidelines on the management and communication of privileged information" ("Guidelines") adopted in compliance with the current regulatory framework on market abuse - as governed by Directive 2014/57/EU and by Regulation (EU) no. 596/2014 of the European Parliament and Council ("MAR"), as well as the implementing provisions and rules for the adaptation of national legislation and the Consob Guidelines of 13 October 2017 (together with MAR, the "Market Abuse Provisions");
- the "Operating provisions on the management and communication of privileged information" (the "Operating Provisions") that supplement, in operational terms, the Guidelines, thereby providing support for the performance of the tasks identified therein and identifying the forms to be used for the purposes of communications and established registrations.

The Guidelines and Operational Provisions were last adopted by the Board of Directors at the meeting on 8 August 2018.

The following are the main aspects of the Guidelines/Operating Provisions:

- implementation of the rules and principles for the drafting and updating of the list of persons who have access to privileged information ("Insider List"), taking into account that the Market Abuse Provisions provide that registration in the Insider List takes place according to separate sections, referring to each set of privileged information generated. The insertion of an additional section in the Insider List is provided for, in which the details of people who always have access to all the Privileged Information is stated (so-called "holders of permanent access");
- the creation and management of the Register of Specific Relevant Information (meaning individual information that subsequently or soon may take on a privileged nature), referred to as Relevant Information List ("RIL"), in which the structure, content, storage methods, updating and registration in the relevant sections is identified, also providing for the creation of a permanent section in this case, as for the Insider List.
- establishment of the process for mapping the types of relevant information and the Organisational Functions Responsible for Privileged Information ("FOCIP"), which are usually in possession of such types of information, in order to identify preliminarily the persons who, on the basis of Unipol's organisational structure, are expected to have access to Specific Relevant Information and/or Privileged Information, within the scope of the types of relevant information mapped, and which, on a need-to-know basis, are normally involved or may be involved in the management of both such information; the mapping process is set out in the Operating Provisions;
- identification and definition of the organisational function - referred to as the Privileged Information Management Function ("FGIP") - responsible for managing the organisational process for the fulfilment of obligations relating to the publication of privileged information and the consequent implementation procedures. Among the main tasks of the FGIP, there are that of identifying when information becomes privileged and deciding on the timing of the publication of privileged information (i.e. application or otherwise of a Delay);
- identification and definition of the structure that operates in support of FGIP for the performance by the latter of its tasks ("Info-Room").

Bologna, 14 March 2019

The Board of Directors

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4

ATTACHMENTS

Annexes

TABLE N.1 – Board of Directors

| Name | Office held | Date of birth | Date of first appointment | In office since (date of last appointment) | In office until | List (1) M/m | Exec. | Non-Exec. | Indepen- d. as per Code (2) | Indepen- d. as per TUF (3) | % BoD (4) | Number of BoD meetings attended | Other assignment s (5) |
|------------------------|--------------------|---------------|---------------------------|--|-----------------|--------------|-------|-----------|-----------------------------------|----------------------------------|--------------|--|------------------------------|
| Cimbri Carlo | Chairman | 31/05/1965 | 30/10/2012 | 27/04/2016 | 31/12/2018 | M | x | | | | 89% | 8/9 | 2 |
| Cerchiai Fabio | Deputy Chairman | 14/02/1944 | 30/10/2012 | 27/04/2016 | 31/12/2018 | M | | x | | | 100% | 9/9 | 6 |
| Stefanini Pierluigi | Deputy Chairman | 28/06/1953 | 30/10/2012 | 27/04/2016 | 31/12/2018 | M | | x | | | 100% | 9/9 | 1 |
| Berardini Francesco | Director | 11/07/1947 | 30/10/2012 | 27/04/2016 | 31/12/2018 | M | | x | (a) | | 100% | 9/9 | 5 |
| Cattabiani Paolo | Director | 11/07/1958 | 20/03/2014 | 27/04/2016 | 31/12/2018 | M | | x | (a) | | 33% | 3/9 | 1 |
| Cottignoli Lorenzo | Director | 13/05/1953 | 29/04/2013 | 27/04/2016 | 31/12/2018 | M | | x | x | x | 100% | 9/9 | 6 |
| Dalle Rive Ernesto | Director | 02/12/1960 | 30/10/2012 | 27/04/2016 | 31/12/2018 | M | | x | (a) | | 100% | 9/9 | 3 |
| De Benetti Cristina | Director | 29/4/1966 | 09/11/2017 | 23/04/2018 | 31/12/2018 | M | | x | x | x | 100% | 9/9 | 4 |
| Ghiglieno Giorgio | Director | 12/10/1955 | 29/04/2013 | 27/04/2016 | 31/12/2018 | m | | x | x | x | 100% | 9/9 | 0 |
| Gioveti Vittorio | Director | 26/12/1963 | 10/05/2017 | 23/04/2018 | 31/12/2018 | (*) | | x | | | 100% | 9/9 | 0 |
| Masotti Massimo | Director | 07/02/1962 | 29/04/2013 | 27/04/2016 | 31/12/2018 | M | | x | x | x | 100% | 9/9 | 0 |
| Maugeri Maria Rosaria | Director | 20/02/1965 | 29/04/2013 | 27/04/2016 | 31/12/2018 | M | | x | x | x | 100% | 9/9 | 1 |
| Montagnani Maria Lilla | Director | 03/04/1971 | 30/10/2012 | 27/04/2016 | 31/12/2018 | M | | x | x | x | 89% | 8/9 | 0 |
| Picchi Nicla | Director | 12/07/1960 | 30/10/2012 | 27/04/2016 | 31/12/2018 | M | | x | x | x | 100% | 9/9 | 1 |
| Recchi Giuseppe | Director | 20/01/1964 | 13/11/2014 | 27/04/2016 | 31/12/2018 | M | | x | x | x | 67% | 6/9 | 0 |
| Righini Elisabetta | Director | 25/03/1961 | 27/04/2016 | 27/04/2016 | 31/12/2018 | M | | x | x | x | 100% | 9/9 | 1 |
| Tadolini Barbara | Director | 20/03/1960 | 30/10/2012 | 27/04/2016 | 31/12/2018 | M | | x | x | x | 100% | 9/9 | 3 |
| Vella Francesco | Director | 05/02/1958 | 29/04/2013 | 27/04/2016 | 31/12/2018 | M | | x | x | x | 100% | 9/9 | 1 |

(1) This column indicates if the member was elected from a list voted with majority (M) or minority (m) votes.

(2) As regards the appointment of the Board of Directors, two lists were submitted, one by the majority shareholder Unipol Gruppo S.p.A. and the other by some asset management companies and institutional investors.

(*) Director appointed by the Shareholders' Meeting on 23 April 2018, not belonging to any list.

(3) Indicates whether the Director was classified by the Board of Directors as independent according to the criteria established by the Code of Conduct.

(4) Indicates if the Director meets the requirements of independence established by Art. 148, Paragraph 3, of the TUF.

(5) Indicates the attendance, in percentage, of the Director at the meetings of the Board of Directors (in calculating this percentage, the number of meetings attended by the Director is compared with the number of meetings held by the Board during the period or after accepting the assignment).

(6) Indicates the total number of offices held in other companies listed in regulated markets (including foreign markets), or in financial, banking and insurance companies or other large companies. The list of these companies, with reference to each Director, is included in Table 2.

(a) Director prima facie excluded from any independence assessment – aside from the requirements set forth in the Code of Conduct – since he/she holds offices in the corporate bodies of the directly controlling holding company, Unipol Gruppo S.p.A.

TABLE No. 2 – List of relevant offices held by the Directors

As regards the provisions set forth in the Code of Conduct, following is the evidence of offices held by the Directors in companies listed in regulated markets (including foreign markets) or in financial, banking, insurance companies, or in large companies, as at the date of this report.

The symbol (*) indicates the companies belonging to the Unipol Group.

| Name | Office held in UnipolSai | Offices held in other companies |
|------------------------|--------------------------|---|
| Cimbri Carlo | Chairman | Chief Executive Officer and General Manager of Unipol Gruppo S.p.A. ^(*) Director of Rizzoli Corriere della Sera Mediagroup S.p.A. |
| Cerchiai Fabio | Deputy Chairman | Chairman of Arca Assicurazioni S.p.A. ^(*) Chairman of Arca Vita S.p.A. ^(*) Chairman of Atlantia S.p.A. Chairman of Sintonia S.p.A. Chairman of Cerved Group S.p.A. Chairman of Edizione S.r.l. |
| Stefanini Pierluigi | Deputy Chairman | Chairman of Unipol Gruppo S.p.A. ^(*) |
| Berardini Francesco | Director | Director of Unipol Gruppo S.p.A. ^(*) Deputy Chairman Coop Consorzio Nord Ovest S.c. a r.l. Chairman of Coop Liguria Società Cooperativa di Consumo Director Coop Italia Soc. Coop. Deputy Chairman of SIAT Società Italiana Assicurazioni e Riassicurazioni S.p.A. ^(*) Director of DIPASS S.r.l. |
| Cattabiani Paolo | Director | Director of Unipol Gruppo S.p.A. ^(*) |
| Cottignoli Lorenzo | Director | Director of Assicoop Toscana S.p.A. Director of Assicoop Bologna Metropolitana S.p.A. Director of Assicoop Emilia Nord S.r.l. Chairman and Chief Executive Officer of Assicoop Romagna Futura S.r.l. Deputy Chairman of Integra Broker S.r.l. |
| Dalle Rive Ernesto | Director | Director of Unipol Gruppo S.p.A. ^(*) Chairman, Chief Executive Officer and General Manager Nova Coop Soc. Coop. Deputy Chairman Coop Italia Soc. Coop. |
| De Benetti Cristina | Director | Director of Autogrill S.p.A. Director of Autostrade Meridionali S.p.A. Director of Mobilità di Marca S.p.A. Director of Unipol Banca S.p.A. ^(*) |
| Ghiglieno Giorgio | Director | -- |
| Giovetti Vittorio | Director | -- |
| Masotti Massimo | Director | -- |
| Maugeri Maria Rosaria | Director | Director of Trenitalia S.p.A. |
| Montagnani Maria Lilla | Director | -- |
| Picchi Nicla | Director | Deputy Chairman and Director of SABAF S.p.A. |
| Recchi Giuseppe | Director | -- |
| Righini Elisabetta | Director | Director of Biesse S.p.A. |
| Tadolini Barbara | Director | Statutory Auditor of Luxottica Group S.p.A. Statutory Auditor of Parmalat S.p.A. Chairman of the Board of Statutory Auditors for Tiscali S.p.A. |
| Vella Francesco | Director | Director of Unipol Banca S.p.A. ^(*) |

TABLE No. 3 – Board of Statutory Auditors

| Name | Office held | Date of birth | Date of first appointment | In office since (date of last appointment) | In office until | M/m List(1) | Independ. as per Code | % BoD (2) | Number of BoD meetings attended | % BSA (3) | Number of Board of S.A. meetings attended | Other assignments (4) |
|--------------------|-------------------|---------------|---------------------------|--|-----------------|-------------|-----------------------|-----------|---------------------------------|-----------|---|-----------------------|
| Fumagalli Paolo | Chairman | 24/06/1960 | 17/06/2015 | 23/04/2018 | 31/12/2020 | m | x | 100% | 9/9 | 100% | 20/20 | 6 |
| Angiolini Giuseppe | Statutory Auditor | 18/06/1939 | 24/04/2012 | 23/04/2018 | 31/12/2020 | M | x | 100% | 9/9 | 100% | 20/20 | 2 |
| Bocci Silvia | Statutory Auditor | 28/04/1967 | 17/06/2015 | 23/04/2018 | 31/12/2020 | M | x | 100% | 9/9 | 100% | 20/20 | 12 |

- (1) This column indicates if the member was elected from a list voted with majority (M) or minority (m) votes.
- (2) As regards the appointment of the Board of Statutory Auditors, two lists were submitted, one by the majority shareholder Unipol Gruppo S.p.A. and the other by some asset management companies and institutional investors.
- (3) Indicates the attendance, in percentage, by the Statutory Auditor at the meetings of the Board of Directors (in calculating this percentage, the number of meetings attended by the Statutory Auditor was considered compared with the number of Board meetings held during the year or after accepting the assignment).
- (4) Indicates the attendance, in percentage, by the Statutory Auditor at the meetings of the Board of Statutory Auditors (in calculating this percentage, the number of meetings attended by the Statutory Auditor was considered compared with the number of meetings held by the Board during the year or after accepting the assignment).
- (5) Indicates the number of positions as Director or Statutory Auditor held by the person in other companies.

All members of the Board of Statutory Auditors meet the requirements of experience and integrity as set forth in the applicable legal and regulatory provisions. As regards the personal and professional characteristics of each Statutory Auditor, please see the information posted on the website: "www.unipolsai.com", Section Governance/Boards and Officials/Statutory Auditors.

UnipolSai Assicurazioni S.p.A.

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Share capital
€2,031,456,338.00 fully paid-up
Bologna Register of Companies
Tax No. 00818570012
VAT No. 03740811207
R.E.A. No. 511469

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

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DIVERSITY POLICY

WITH REGARD TO THE COMPOSITION OF THE BOARD OF
DIRECTORS AND OF THE BOARD OF STATUTORY AUDITORS
OF UNIPOLSAI ASSICURAZIONI S.P.A.

DIVERSITY POLICY

WITH REGARD TO THE COMPOSITION OF THE BOARD OF
DIRECTORS AND OF THE BOARD OF STATUTORY AUDITORS
OF UNIPOLSAI ASSICURAZIONI S.P.A.

Document approved by the Board of Directors of UnipolSai Assicurazioni S.p.A. in the meeting of 7 February 2019

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Foreword

In accordance with Article 123-*bis*, Paragraph 2, Letter d-*bis*, of Legislative Decree no. 58 of 24 February 1998 (Consolidated Law on Finance), the Board of Directors (also the **"Board"** or the **"Administrative Body"**) of UnipolSai Assicurazioni S.p.A. (**"UnipolSai"** or the **"Company"** or the **"Entity"**), after receiving the opinion of the Nomination and Corporate Governance Committee (the **"Committee"**), hereby adopts the present Diversity Policy (the **"Policy"**) with regard, in particular, to the composition of the Administrative Body deemed optimal for it to be able to perform its functions in the most effective manner possible, examining matters under its competence from different perspectives in relation to such aspects as age, gender composition and the educational and professional record of its different members.

In this regard, given that:

- in accordance with the recommendations of the Corporate Governance Code of Listed Companies (**"Corporate Governance Code"**), the Board of Directors, at the expiry of its term and on the occasion of the call for the Shareholders' Meeting for passing the related resolutions, hereby expresses to Shareholders - also taking into account the outcome of the annual assessment of the size, the composition and the operation of the Board itself and of its Committees (*"Board Performance Evaluation"*) – its own orientation on the optimal size and composition of the new Administrative Body, also with reference to the managers and professionals whose presence on the Board is deemed appropriate (the **"Orientation"**);
- with this recommendation, the Corporate Governance Code generally expresses the hope that the issuer's shareholders, on the occasion of the presentation of the lists for the appointment of the Board of Directors, will assess, also in light of the Orientation expressed by the outgoing Board, the candidate's personal characteristics, of the experience, including managerial experience, and gender, in relation to the dimensions of the company, to the complexity and specificity of the business sector in which it operates, and to the dimensions of the Administrative Body;
- the Code of Ethics of the Unipol Group (also the **"Group"**), adopted by the administrative body of UnipolSai, stresses the importance that the decisions and the procedures for appointing the Directors, in accordance with the regulations in force at the time, refer in particular to the criteria of professional competence and personal integrity, as well as independence;
- the Committee shall express indications to the Board of Directors, to support it in the preparation of the Orientation,

the Policy intends to provide guidelines for the formulation of said Orientation.

In addition, in accordance with the aforementioned regulation, the Policy refers to certain aspects pertaining to the Board of Statutory Auditors.

1. Board of Directors

1.1. Principles

In the context described above, the Board hopes that the Shareholders of the Company, in designating and appointing the Directors, will make their decisions pursuing the objective of integrating different managerial and professional profiles

within the Administrative Body, also having regard to a balanced gender representation and to the benefits that can derive from a balanced composition in terms of seniority in office and age ranges.

With regard in particular to the managerial and professional profiles, for the dual purpose of assuring adequate dialectics in the Board of Directors, to promote making well-informed collective decisions, and to assign different duties to the Directors within the Board and in internal board committees, the Board of Directors - also taking into account the applicable regulations, as specified below - must contain a plurality of knowledge, experiences and cultures, general and specialist, because the presence of diversified competencies assures the complementarity of the professional profiles and promotes the efficient operation of the Board and of the committees itself.

In this regard, with reference also to the principles of the Code of Ethics recalled above, the administrative body of UnipolSai also stresses the importance of maintaining a cohesive, collaborative, dialectic and synergic climate within it, so as to allow individual Directors to best express their professional skills and to share them in the Company's best interests.

The Chairman of the Board of Directors shall possess such authority as to ensure a correct and transparent operation of the Board itself, while having adequate knowledge of corporate governance matters.

The Company pays adequate attention to training its own Directors. In accordance with Article 5, Paragraph 2, Letter v), of IVASS Regulation no. 38/2018 (in continuity with the provisions of the previous ISVAP Regulation no. 20/2008) and of the Corporate Governance Code, dedicated *induction sessions* (attended also by the Board of Statutory Auditors) are periodically organised, during which specific "deep dives" are carried out, to allow the members of the administration and supervision bodies to consolidate, and preserve over time, the necessary technical competencies and an adequate knowledge of the business sectors in which the Company and the Group operate, of the corporate dynamics and of their evolution, as well as of the reference regulatory framework.

1.2. Quantitative composition of the Board of Directors

In accordance with Article 13 ("Board of Directors") of the bylaws in force on the date of the present Policy, the administrative body of UnipolSai shall comprise no fewer than 9 and no more than 19 members.

For the purposes of assessing the quantitative composition of the Board, consideration must be given to different criteria and different needs deriving from the peculiar characteristics of the Company, trying to meet them in a balanced way.

The dimensions of the Board of Directors shall adequately support the strategic guidance duties this body is called upon to perform, taking into account the need to structure the delegation of the functions of providing analyses, advisory support and proposals to the committees within the board and the need to ensure their adequate operation.

In this regard, in relation to the dimensions and to the managerial and organisational structure of the Company, of importance are also the characteristics of the business of the various entities headed by UnipolSai, which - in addition to all the insurance companies of the Unipol Group - also include the companies that are instrumental to carry out insurance activities (including those performing real estate activities) as well as companies operating in diversified sectors (hotel, healthcare and farming).

These characteristics lead to the adoption of a board composition that is able to assure an adequate contribution to the strategies to be adopted to guide and manage the different activities, and to have a number of members that would allow the efficient operation of the committees within the board, taking into consideration also the need to ensure efficient balancing of the competencies present within them.

In view of the Shareholders' Meeting called to appoint the Board of Directors, the outgoing Administrative Body of

UnipolSai, after reviewing the opinion of the Committee, shall concretely formulate to the Shareholders its own suggestions on the quantitative composition of the Board within the Orientation, also taking into account the results of the *Board Performance Evaluation* and compatibly with the need for diversification of the competencies deemed necessary, per the following paragraph, as well as with the aforesaid dimensions and complexity of the Company.

1.3. Qualitative composition of the Board of Directors

The regulations applicable to the Company prescribe specific requirements of professionalism, integrity and independence that must be met by the members of the Administrative Body, while also identifying certain situations of ineligibility and incompatibility.

Therefore, with regard to the qualitative composition of the Board of Directors, the present Policy prescribes that:

- the majority of Directors shall be non-executive, able to provide an adequate contribution to board activities, enriching board debates with competencies of a general strategic, or particular technical, nature, also formed outside the Company, in order to analyse the topics to be discussed from different perspectives, thus contributing to foster the debate, which is the distinct prerequisite for a well-considered, well-informed collective decision;
- in accordance with CONSOB Regulation no. 20249 of 28 December 2017 (the "**Market Regulation**"), since UnipolSai is a listed issuer subject to the direction and coordination of another listed issuer (*i.e.* Unipol Gruppo S.p.A.), the Board shall comprise a majority of independent Directors, in accordance both with the Consolidated Law on Finance and with the Corporate Governance Code, this allowing - inter alia - a heterogeneous composition of the committees within the board;
- although specific law provisions on gender balance no longer apply to the Board of Directors of the Company, it is necessary nonetheless to continue to ensure, also in compliance with application criterion 2.C.3 of the Corporate Governance Code, that at least one third of the members of the Administrative Body belong to the less represented gender, both at the time of the appointment of the body and during the term in office, rounding, in case of fraction, to the next higher integer;
- within the Board of Directors, a balanced combination of different seniorities in office and age ranges must be assured, thereby in any case sharing the significant value which the accumulated experience and the knowledge of the Company's activities and dynamics can bring in terms of contribution to the effective operation of the Board;
- to assure the correct performance of their duties and the effectiveness of their office, the Directors are able to dedicate adequate time and resources to the execution of their office;
- the managerial and/or professional and/or academic and/or institutional profiles of each of the Directors, in accordance with the applicable sector regulations, are such as to allow the Administrative Body to have available, in its entirety, different and complementary technical competencies and experiences, in order to perform their duties.

With specific regard to competencies, in identifying the set of those deemed necessary to the Board of Directors in *full session* for the correct and effective performance of its duties, the following must be taken into account:

- the provisions prescribed on the matter by the referenced domestic regulations applicable to the insurance

- sector, as well as by the Fit&Proper Policy approved by the Administrative Body of the Company¹;
- the indications issued by European institutions and authorities²;
 - the functions assigned to the Board, of its operation and of the establishment of committees within the Board, as well as of the complexity and size of the Company, the type of activity carried out and the listing on regulated markets³;
 - the *best practices* in the market.

Given the prevalently national character of the Company and its controlled companies, the Policy contains no provisions with regard to the Directors' profile and international experience.

In view of the Shareholders' Meeting called to appoint the Board of Directors, the outgoing Administrative Body of UnipolSai, after reviewing the opinion of the Committee, also taking into account the results of the *Board Performance Evaluation*, indicates in the Orientation whether, in its judgement, in general, its own set-up correctly and adequately reflects the different components (executive, non-executive, independent, gender and age/seniority in office) and necessary competencies, providing specific indications to Shareholders in this regard.

1.4. Procedures for implementing the Policy

The present Policy intends to provide, as mentioned, the guidelines for the formulation of the Orientation addressed to the Shareholders upon renewal of the Administrative Body.

The Board of Directors shall also take into account the provisions of the Policy if it is necessary to replace one or more Directors who left office during the term.

¹ At present, the reference sector regulations are provided by IVASS Regulation no. 38/2018, which - at Article 5, Paragraph 2, Letter n), to which the provisions of the Fit&Proper Policy are aligned - provides that "*the administrative body is, as a whole, in possession of adequate technical competences at least with respect to insurance and financial markets, governance systems including personnel incentivising systems, financial and actuarial analysis, regulatory framework, commercial strategies and business models.*"

² At the EU level, Article 273, Paragraphs 2 and 3, of Delegated Regulation (EU) 2015/35 of the Commission, of 10 October 2014, which supplements Directive 2009/138/EC (*Solvency II*), provide the following:

"(...)

2. Assessment of a person's competence includes the assessment of his/her professional and formal qualifications, of his/her pertinent knowledge and experience in the insurance sector, in other financial sectors or in other fields of activity and takes into account the duties assigned to that person and, if the case calls for it, of his/her competencies in the insurance, finance, accounting, actuarial and management fields.

3. Assessment of the competence of the members of the administrative, directional or supervisory body shall take into account the duties assigned to individual members so as to ensure an appropriate diversity of the qualification, of the knowledge and of the pertinent experiences, thus assuring that the company is managed and supervised in a professional manner."

³ In addition, in accordance with the Corporate Governance Code, at least one member of the Control and Risk Committee and of the Remuneration Committee shall possess, respectively, adequate:

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

2. Board of Statutory Auditors

2.1. Quantitative composition of the Board of Statutory Auditors

In accordance with Article 23 ("Statutory Auditors") of the bylaws in force as of the date of the present Policy, the Board of Statutory Auditor of UnipolSai comprises three Standing Auditors and three Alternate Auditors.

2.2. Qualitative composition of the Board of Statutory Auditors

The regulations applicable to the Company prescribe specific requirements of professionalism, integrity and independence that must be met by the members of the supervisory body, while also identifying certain situations of ineligibility and incompatibility.

With regard to the qualitative composition of the Board of Statutory Auditors, given the role of this body and the specific sector regulations prescribed for its members, the present Policy merely provides that:

- even irrespective of the law provisions still applicable to the supervisory body of the Company with respect to gender balance, at least one third of its members belong to the less represented gender, both at the time of appointment of the body and during the term of office;
- to assure the correct performance of their duties and guarantee the effectiveness of their office, the Statutory Auditors are able to dedicate adequate time and resources to the execution of their office.

3. Monitoring the implementation of the Policy and revision thereof

The Administrative Body of the Company, with the support of the Committee, shall monitor the implementation of the Policy and - when necessary or appropriate - shall oversee its revision.

The Board of Directors

Bologna, 7 February 2019

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