



UnipolSai Assicurazioni
Report on corporate governance
and share ownership
for the 2014 financial year

UnipolSai
ASSICURAZIONI



UNIPOLSAI ASSICURAZIONI S.p.A.

**ANNUAL REPORT ON CORPORATE GOVERNANCE
AND ON SHARE OWNERSHIP
FOR THE 2014 FINANCIAL YEAR**

Bologna, 19 March 2015

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

CONTENTS

DEFINITIONS	4
INTRODUCTION.....	6
ISSUER'S PROFILE	7
SECTION I	9
INFORMATION ON THE OWNERSHIP STRUCTURES	9
1. SHARE CAPITAL STRUCTURE	9
1.1 Composition	9
1.2 Other financial instruments	10
1.3 Rights of classes of shares	10
1.4 Powers to increase share capital and authorisations to buy back treasury shares and shares of the parent company	12
1.4.1 Powers to increase share capital.....	12
1.5 Share transfer restrictions, limits on possession and approval clauses	15
2. SHAREHOLDER BASE	15
2.1 Major holdings in the share capital.....	15
2.2 Special control rights.....	16
2.3 Mechanism for the exercise of voting rights in the system of employee shareholding.....	16
2.4 Restrictions on voting rights.....	17
2.5 Agreements between Shareholders.....	17
2.6 Change of control clauses	17
2.7 Controlling entity and co-ordination and direction activities	17
3. OTHER INFORMATION.....	17
3.1 Compensation of Directors	17
3.2 Rules applicable to the functioning of the Meeting.....	18
3.3 Rules applicable to the composition, appointment and functioning of the governing bodies.....	18
3.4 Rules applicable to statutory changes	18
3.5 Main features of the internal control system and risk management in relation to financial reporting.....	18
4. COMPLIANCE	18
SECTION II	19
GOVERNANCE SYSTEM AND INFORMATION ON THE IMPLEMENTATION OF THE PROVISIONS OF THE CODE OF CONDUCT	19
1. THE BOARD OF DIRECTORS	19
1.1 Role, responsibilities and functioning.....	19
1.2 Composition.....	23
1.3 Appointment and replacement of Directors.....	25

1.4	Non-executive and independent Directors	26
1.5	Lead Independent Director	29
1.6	Remuneration	29
1.7	Annual evaluation	30
2.	THE CHAIRMAN	31
3.	THE DEPUTY CHAIRMAN	32
4.	THE CHIEF EXECUTIVE OFFICER.....	32
5.	THE EXECUTIVE COMMITTEE.....	33
6.	OTHER COMMITTEES	34
6.1	Control and Risk Committee	34
6.2	Remuneration Committee.....	37
6.3	Nomination and Corporate Governance Committee	39
6.4	Related Party Transactions Committee	40
7.	INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM.....	41
7.1	Breakdown of control levels	45
7.2	Role of the corporate bodies, the company control functions (Audit, Risk Management and Compliance) and the main bodies and parties involved in the internal control and risk management system	46
7.3	Main features of the internal control and risk management systems in place in relation to the financial reporting process, including consolidated accounts.....	52
7.4	The Organization, Management and Control Model	55
8.	INTERCOMPANY AND RELATED-PARTY TRANSACTIONS AND DIRECTORS' INTERESTS	57
9.	INTERNAL DEALING	59
10.	PROCESSING OF PRIVILEGED INFORMATION.....	61
11.	THE BOARD OF STATUTORY AUDITORS.....	62
11.1	Role and responsibilities	62
11.2	Appointment.....	62
11.3	Composition and operation	64
12.	THE SHAREHOLDERS' MEETING	65
12.1	The Shareholders' Meeting.....	65
12.2	Special Meetings of Savings Shareholders.....	66
13.	RELATIONSHIPS WITH THE SHAREHOLDERS	67
	ATTACHMENTS TO THE REPORT	68
	TABLE No. 1 – Board of Directors.....	68
	TABLE No. 2 – List of relevant offices held by the Directors	71
	TABLE No. 3 – Board Committees	74
	TABLE No. 4 – Supervisory Board	77
	TABLE No. 5 – Board of Statutory Auditors.....	78

DEFINITIONS

For the purposes of the provisions in this Report and in addition to the definitions provided in the text below, the expressions and / or the words recorded with initial capital letters 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 .

Code of Conduct or Code: the Code of Conduct for listed companies approved in March 2006 by the Corporate Governance Committee promoted by Borsa Italiana S.p.A., as amended, available on the website of the latter www.borsaitaliana.it.

Board of Statutory Auditors: the controlling body of the Company

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

Effective date: on the 6th of January 2014 the merger by incorporation of Unipol Assicurazioni S.p.A., Milano Assicurazioni S.p.A and Premafin HP S.p.A. into FONDIARIA-SAI S.p.A. has entered into effect; FONDIARIA-SAI also assumed the new name of UnipolSai Assicurazioni S.p.A.;

Financial Reporting Officer: Manager charged with preparing a company's financial reports, pursuant to Art. 154-bis of the TUF (as defined below).

Financial year or Year: the financial year ended 31 December 2014.

Group, Unipol Group: Unipol Gruppo Finanziario S.p.A., and by the same companies directly and indirectly controlled, under Article 2359 of the Italian Civil Code.

Insurance Group: The Unipol Insurance Group registered to the insurance groups register to the number 046.

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

ISVAP, IVASS or Authority: the Insurance Sector Regulator (which changed its name to IVASS with effect from 1 January 2013).

Shareholders' Meetings Regulation: Regulation approved by the Shareholders' Meeting on 29 April 2013, aimed at regulating the orderly and efficient conduct of General and Extraordinary Meetings.

Market regulations: Regulation of Markets organized and managed by Borsa Italiana S.p.A..

Issuer Regulation: Regulation issued by CONSOB with resolution no. 11971 of 1999 on issuers, as amended.

Market Regulation: Regulation issued by CONSOB acting n. 16191 of 2007 on markets, as amended.

Report: this report, containing information about joining the Code of Conduct and corporate governance and



ownership structure that issuers of listed shares are required to draw up under Art. 123-*bis* of the TUF (as defined below) and 89-*bis* of the Issuers' Regulations.

Controlling Company, Parent Company, UGF: Unipol Gruppo Finanziario S.p.A.

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

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

Solvency II: the set of laws and regulations introduced following the adoption of Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of insurance and reinsurance that will in operation since 1 January 2016.

TUF: Legislative Decree n. 58 of 24 February 1998 (Consolidated Law on Finance), as amended.

INTRODUCTION

UnipolSai (formerly FONDIARIA-SAI S.p.A.), in adopting, since the financial year 2006, the recommendations contained in the Code of Conduct, publishes annually the report containing information on corporate governance and ownership structures in accordance with Art. 123-*bis* of the TUF and the additional information recommended by the Code.

This Report consists of three parts:

- the Introduction, which contains some summary data on the profile of the Company and of the Unipol Group;
- Section I, which provides the main information required by the above Art. 123-*bis* of the TUF;
- Section II, which contains information on the governance structure and on the principles, rules and procedures adopted according to the Code of Conduct and adjusted to the development of the reference legislation, as well as any additional information required by Art. 123-*bis* of the TUF and not listed in Section I.

The information contained in this Report, unless otherwise indicated, relates to the balance sheet date of the financial year 2014.

ISSUER PROFILE

UnipolSai is a multi-branch insurance company of Unipol Group resulting from the Merger by incorporation of Unipol Assicurazioni S.p.A., Milano Assicurazioni S.p.A and Premafin HP S.p.A. ("Premafin") into FONDIARIA-SAI S.p.A. (the "Merger"), which entered into effect on 6 January 2014 when FONDIARIA-SAI took the new name of UnipolSai Assicurazioni S.p.A. or UnipolSai S.p.A.

UnipolSai is a issuer which its shares are listed on the Computerized Stock Market managed by Borsa Italiana S.p.A., and at the date of this Report, on the FTSE MIB index; the Company is controlled in accordance with Art. 2359, first paragraph, sub 1), of the Italian Civil Code, by UGF and is subject to the direction and coordination of the latter, pursuant to Arts. 2497 of the Italian Civil Code.

UnipolSai operates in the following areas:

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

Following the completion of the Merger, a review of overall organisational structures of the Unipol Group was launched, intended to achieve greater efficiency and effectiveness while respecting the prerogatives of the different companies and their specificity in terms of placement of business. In this context, we undertook the progressive rationalisation of organisational structures and operational processes, within both the parent company UGF and UnipolSai, focusing competences and operational activities in the latter company which, as the outcome of the Merger, represents the reference operating company in the insurance sector.

In parallel, during the Year (i) we have continued the activity of gradual adaptation and harmonisation of existing policies in the Unipol Group and the former Fondiaria SAI Group, and (ii) additional policies have been adopted in accordance with the sectoral regulations, taking into account the amendments and additions made to this legislation during the Year. In this regard, we point out that:

- we have completed the tasks of homogenization, in the context of the Unipol Group, of the procedures for conducting transactions with related parties and for the treatment of privileged information.
- have completed the review and updating of the organisational, management and control model adopted under Legislative Decree No. 231 of 8 June 2001 laying down detailed rules for the "Discipline of the administrative responsibility of legal persons, companies and associations even without legal personality under Art. 11 of law No. 300 of 29 September 2000;
- policies have been adopted under ISVAP Regulation No. 20 of 2008, as well as being subsequently updated and amended, most recently during the 2014, on the subject of the internal control and risk management system.

The system of governance

The governance structure of the Company is based on the model of traditional management and control, having as the main bodies: the Board of Directors (operating with the support of Board Committees), the Board of Statutory Auditors and the Shareholders Meeting. The statutory audit is allocated to an independent statutory auditors in accordance with the current legal provision on the matter. The role and responsibilities of the above organs are discussed in section II.

UnipolSai and social responsibility

At the Board Meeting of 13 February 2013, the Board of Directors approved the Charter of Values of the Unipol Group ("Charter of Values") and also the Group's Code of Ethics ("Code of Ethics").

With this adoption, the Company has shared the choice of the Unipol Group, which has decided to make corporate social responsibility a deeply integrated strategy in all choices, ranging from the definition of the management of the entire business, from commercial to personnel issues, from relations with suppliers to those with the community; all in a process leads progressively, and through continuous improvement, to the development of a coherent policy of sustainability, understood as the ability to combine efficient economic management with attention to persons in a spirit of social and environmental protection.

SECTION I

INFORMATION ON THE OWNERSHIP STRUCTURES

(Section drafted under Art. 123-bis of the TUF)

1. SHARE CAPITAL STRUCTURE

1.1 Composition

During the month of May 2014, the share capital of UnipolSai is increased by € 18,595,685.97 through the issue of 24,725,274 ordinary shares as a result of the partial conversion by UGF of 675 bonds, for a parvalue of € 67,500,000.00, representative of the "UnipolSai Assicurazioni 2014-2015 6.971% Convertible Loan" (see paragraph 1.2).

As of 31 December 2014 and of this Report, the composition of the share capital, fully subscribed and paid up, is summarised in the following table:

Type and name of shares	No. of Shares	% of the total number of shares	Market
UnipolSai ordinary	2,275,632,026	85.740%	MTA
UnipolSai savings class A	1,276,836	0.048%	MTA
UnipolSai savings class B	377,193,155	14.212%	MTA

The extraordinary Shareholders Meeting of UnipolSai, which met on 26 January 2015, approved the mandatory conversion of savings shares of class A (the "Savings Shares A" or "Class A Shares") and the savings shares of class B (the "Savings Shares B" or "B Shares") into UnipolSai ordinary shares (the "Conversion"), on the basis of the following conversion ratios:

- (i) no. 100 ordinary shares, with regular with regular entitlement, for each Savings Share A, without payment of any adjustment;
- (ii) no. 1 ordinary share, with regular with regular entitlement, for each Savings Share B, without payment of any adjustment.

The Conversion - also approved by the respective Special Meetings of holders of A Shares and B Shares on the 27th of January 2015 - has given rise to the right of withdrawal for the holders of Savings Shares A and Savings Shares B, who did not participated to the approval of the resolutions, in accordance with and for the purposes of Art. 2437, para 1, let. g) of the Italian Civil Code, to be exercised within fifteen days from 12 March 2015, the date of the registration of the Shareholders' resolutions in the Register of Companies of Bologna.

The liquidation value of any shares subject to withdrawal was determined at €228.272 for each Savings Share A and €2.238 for each Savings Share B, in accordance with the provisions of Art. 2437-ter, paragraph 3, of the Italian Civil Code.

The Conversion becomes effective subject to the satisfaction of the conditions set out in the explanatory report for the Meeting, published by law and to be found on the Company's website www.unipolsai.com (Governance/Meetings Section) and in any case after the cutoff date of any dividend of UnipolSai to be recorded in the annual accounts as of 31 December 2014.

1.2 Other financial instruments

On 24 April 2014 as a result of the exercise by the Board of Directors of the right conferred by the Extraordinary Meeting of 25 October 2013 under Arts. 2420-ter and 2443 of the Italian Civil Code, the Company proceeded to issue a bond with mandatory conversion into ordinary shares of the Company, amounting to €201,800,000.00, represented by 2,018 bonds, with a par value of €100,000.00 per unit, resulting in a capital increase, with the exclusion of the option right in accordance with Art. 2441, paragraph 5, of the Italian Civil Code, for the exclusive service of the Conversion for a total countervalue of €201,800,000.00, including the premium, to be implemented separately, one or several times, by the deadline of 31 December 2015, through the issue of a maximum of 73,919,414 UnipolSai ordinary shares, without par value, with regular dividends, having the same characteristics as those in circulation on the date of issue.

As shown in paragraph 1.1, UGF has exercised the option of converting 675 bonds, resulting in the issue in its favour of 24,725,274 ordinary shares of UnipolSai.

Financial instrument	Number of instruments in circulation	Class of shares to be used for the conversion/exercise	Number of shares to be used for the conversion/exercise
Unlisted convertible bonds ISIN IT0005013674	1,343	UnipolSai ordinary	36,630,037 UnipolSai ordinary shares for each bond (*)

(*) On the date of issue

1.3 Rights of classes of shares

Each UnipolSai ordinary share grants the voting right in ordinary and extraordinary Meetings of Shareholders of UnipolSai. In the distribution of profits and in the event of dissolution of the Company, the ordinary shares of UnipolSai do not have any privilege.

Class A shares and Class B shares give holders the rights set out in the Articles of Association.

The shares are registered when that is prescribed by law.

In contrast, the shares, if fully paid up, may be registered or bearer, at the option and expense of the Shareholder.

The number of savings shares may not exceed half of the total number of shares representing the share capital.

Savings shares have the privilege in the allocation of the profits as provided by Art. 27 of the Articles of Association (as formulated on the date of this Report, and therefore before the Conversion), which stipulates as follows: *"The profits resulting from the financial statements approved by the Shareholders' Meeting, deducted the quotas to be allocated to ordinary reserves in the amounts set forth by law, shall be allocated following the order below:*

- *to the Class A Saving Shares, a preferred dividend up to Euro 6.5 per share;*
- *to the Class B Saving Shares, a preferred dividend per share up to 6.5% of the Class B Saving Shares Accounting Par Value;*
- *the outstanding amount, to the common shares and to the Saving Shares in a measure that ensures to the Class A Saving Shares an aggregate higher dividend (dividendo complessivo maggiorato), compared to the common shares, of Euro 5.2 per share, and to the Class B Saving Shares an aggregate higher dividend (dividendo complessivo maggiorato) compared to the common shares in a measure equal to 5.2% of the Class B Saving Shares Accounting Par Value; without prejudice in any event to the right of the Shareholders' Meeting to resolve, in whole or in part, their allocation to reserves or special provisions (accantonamenti) or their carry forward or extraordinary partial attribution to the employees of the Company fixing the relevant measure, the conditions and the criteria for their distribution or for the other purposes it deems consistent with the corporate interests.*

If in a fiscal year it is allocated to the Class A Saving Shares a dividend lower than Euro 6.5 per share and/or to the Class B Saving Shares a dividend per share lower than 6.5% of the Class B Saving Shares Accounting Par Value, the difference is allocated and increases the preferred dividend of the two following fiscal years."

For further clarification on the privileges due to the Class A Shares and Class B Shares reference is made to the interpretative note of 15 February 2013, published on the Company's website under "Office of Shareholders/Communications."

The Articles of Association, in its current wording, also stipulates that the savings have the same privilege in repayment of principal as in the dissolution of the Company, in the sequence in which Class A Shares have priority in the repayment of the capital up to the amount of €100.00 per share and Class B Shares have priority in the reimbursement of capital up to an amount equal to the per share accounting par value of the average number of shares of the same class, understood as the current ratio between the total amount of contributions to capital over time made in the subscription of the Class B Shares and the total number of existing Class B Shares (hereinafter, the "accounting par value of the Class B Shares", which is, as a result of the implementation of the entire share capital increase approved by the Extraordinary Meeting of 27 June 2012, equal to €0.565).

The savings shares are bearer in cases permitted by law. The holders of savings shares have no right to intervene in Ordinary and Extraordinary Meetings of the Company nor to require their convocation. In the event of a distribution of the reserves, the shares have the same rights as other shares. In the absence of operating profits, the Shareholders will have the right to decide on the distribution of reserves to ensure the guaranteed minimum dividend or dividend increase. The capital loss reduction has no effect on savings shares, except for the portion of the loss that is not covered by the proportion of capital represented by other shares.

In the case of groupings or stock splits (as also in the case of transactions on capital where it is needed in order not to impair Shareholder rights) the per share amounts which enshrine the privileges of Class A Shares will be adjusted accordingly.

In the event of exclusion from trading on a regulated market of the ordinary shares or savings shares of the Company, the savings shares will maintain their rights and characteristics, unless the Extraordinary Meeting or the special meetings resolve otherwise.

The General Representatives of Savings Shareholders will be promptly sent communications regarding corporate transactions that might affect the performance of the stock of savings shares.

The Special Meeting of Savings Shareholders of Class A, held on 3 July 2012, appointed Mr. Dario Trevisan as General Representative of the Savings Shareholders of Class A (see in this regard paragraph 11.2 of the report).

The Special Meeting of Savings Shareholders of Class B, held on 29 October 2012, appointed Mr. Giuseppe Dolcetti as General Representative of Savings Shareholders of Class B (see in this regard paragraph 11.2 of the report).

1.4 Power to increase share capital and authorisations to buy back treasury shares and shares of the parent company

1.4.1 Power to increase share capital

As already mentioned in paragraph 1.2, the Extraordinary Meeting of 25 October 2013 attributed to the Board of Directors, within the meaning of Arts. 2420-*ter* and 2443 of the Italian Civil Code, the right to issue, one or more times, not later than 31 December 2014, bonds convertible into ordinary shares of the Company, for a maximum amount of €201,800,000.00, with a consequent increase in capital to service the conversion for a total countervalue of €201,800,000.00, including premium, one or more times and separately, through the issue of ordinary shares of the Company with no par value, with regular dividends, having the same characteristics as those in circulation on the date of issue, with a right for the Board to decide whether to offer the instruments as an option to Shareholders or whether to exclude the option right and provide the instruments to third party lenders of the Company, with the aim of reducing the debt of the Company to such third parties and to establish the unitary par value of the instruments; the issue price per unit of the instruments; the amount of interest attributable to the instruments; the conversion ratio in shares of the Company; the events and terms of adjustment of the conversion ratio; events and conditions for conversion; the regulation of convertible bonds; the period in any case not exceeding 31 December 2015;

the number of shares to be issued and any other terms and conditions of the issue and offering of convertible bonds and the resulting capital increase.

The UnipolSai Board of Directors, in its Meeting of 15 January 2014, has exercised the power conferred on it by the Extraordinary Meeting of 25 October 2013 under Arts. 2420-*ter* and 2443 of the Italian Civil Code, by deciding to issue, in the terms laid down in its rules of procedure, the convertible bonds with compulsory conversion (bonds with compulsory conversion) into ordinary shares of the Company, for a maximum amount of €201,800,000.00, with a consequent increase in capital for the exclusive service of the conversion for a total countervalue of €201,800,000.00, including the premium, to be implemented separately, one or more times, by the deadline of 31 December 2015, through the issue of ordinary shares of UnipolSai, without par value, with regular dividends, having the same characteristics as those in circulation on the date of issue, with exclusion of the option right in accordance with Art. 2441, paragraph 5, of the Italian Civil Code, giving a mandate to the Chief Executive Officer to give concrete implementation and enforcement to the above-mentioned resolution to ensure the actual issue of bonds with compulsory conversion.

On 24 April 2014, as mentioned, the Company issued bonds with compulsory conversion totalling €201,800,000.00, represented by 2,018 bonds, with a par unitary value of €100,000.00.

1. 4.2 Authorisations for the acquisition of treasury shares and shares of the parent company

The ordinary Shareholders Meeting convened on 29 April 2014 authorised the Board of Directors for the acquisition and disposal of treasury shares within the meaning of Arts. 2357 and 2357-*ter* of the Italian Civil Code, for a period of 18 months from the decision of the Meeting and therefore until 31 October 2015.

The Board has not used this authorization during 2014.

It must be noted that, on the date of this Report, the Company holds in its portfolio treasury shares and shares of the parent company UGF, as follows:

treasury shares

- directly, 725,620 ordinary shares (equal to 0.032% of the ordinary share capital);
- and, indirectly, 52,824,065 ordinary shares (equal to 2.321% of ordinary share capital) through the following subsidiaries:
 - UnipolSai Finance S.p.A. for 38,454,775 shares;
 - UnipolSai Nederland BV for 9,443,258 shares;
 - SAI Holding Italia S.p.A. for 3,225,720 shares;
 - Sainternational S.A. in liquidation for 1,254,300 shares;
 - Pronto Assistance S.p.A. for 344,312 shares;
 - Popolare Vita S.p.A. for 101,700 shares.

It is noted that 693,620 ordinary treasury shares held directly relate to the acquisitions made by UnipolSai, under Art. 2437-*quater*, paragraph 5, of the Italian Civil Code, in the liquidation procedure of the shares of

Premafin, withdrawn as a result of the Merger, which remained unsold on the outcome of the offer as an option of the ex-Shareholders of Premafin themselves not resigning and their subsequent stock offerings.

UGF shares

- directly, 3,175,902 ordinary shares of the parent company.

The Board of Directors exercised during 2014 the authorisation - granted by the Shareholders Meeting of 29 April 2014 - for the acquisition and disposal of shares of the parent company issued, under Art. 2359-*bis* of the Italian Civil Code, for a maximum period of 18 months, and for the fulfilment of the payment plan based on financial instruments of share performance type for the years 2013-2015, approved by the ordinary Shareholders Meeting of 29 April 2013 and subsequently amended by the same Meeting of 29 April 2014. In particular, 3,029,024 ordinary shares of UGF were purchased. On 1 July 2014, the executive personnel of the Company were assigned a total of 68,122 ordinary shares of the parent company to service the compensation plan based on financial instruments of the share performance type for the years 2010-2012 approved by the Shareholders Meeting on 26 April 2012, under Art. 114-*bis* of the TUF, of Unipol Assicurazioni S.p.A., merged by incorporation into UnipolSai with effect from 6 January 2014.

Given that the above mentioned authorisation will expire on 31 October 2015, the Board of Directors on 19 March 2015 voted to propose their renewal at the Shareholders Meeting called to approve the annual accounts for the year 2014, for the period of 18 further months. In particular, the authorisation for the acquisition and disposal of treasury shares, in the interests of the Company and in accordance with applicable regulations and accepted market practices, has the following objectives, to:

- intervene directly or through intermediaries, in order to promote the smooth conduct of the trading, against distortion phenomena related to an excess of volatility or a limited liquidity of trading;
- take the opportunity to maximise the value that can be derived from market trends - and thus also pursuing trading objectives - or connected with any strategic transactions for the Company;
- use treasury shares as an investment object for the efficient use of the liquidity generated by the core activity of the Company.

The acquisition and disposal of shares of the parent company UGF, in the interests of the Company and in accordance with applicable regulations and accepted market practices, has the following objectives, namely to:

- take the opportunity to maximise the value that can be derived from market trends - and thus also pursuing trading objectives - or connected with any strategic transactions for the Company;
- use these actions as an investment object for the efficient use of the liquidity generated by the core activity of the Company.

The proposal provides for the acquisition and disposal of treasury shares and shares of the parent company in the quantities and with the implementing rules set out below:

- the acquisition may be made up to the maximum amount permitted by law and accepted market practice, in the manner provided for by Art. 132 of the TUF and Art. 144-*bis*, para 1, let. a), b) and c)

of the Issuer Regulations, as well as by any other provision, including the rules laid down in Directive 2003/6/EC and its implementing rules, national and European, where applicable;

- the disposal may be made in the manner permitted by law, including by carrying out, one or more times, subsequent operations of acquisition and sale, 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% and not 15% lower than the reference price recorded by the respective securities in the trading day prior to the date of each transaction, and in any case in compliance with the maximum limit of €100 million expenditure for treasury shares and €50 million for the shares of the parent company.

1.5 Share transfer restrictions, limits on possession and approval clauses

Under the existing Articles of Association of UnipolSai, there are no restrictions on the transfer of shares and limits to the possession of them, or approval clauses.

2. SHAREHOLDER BASE

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

2.1 Major holdings in the share capital

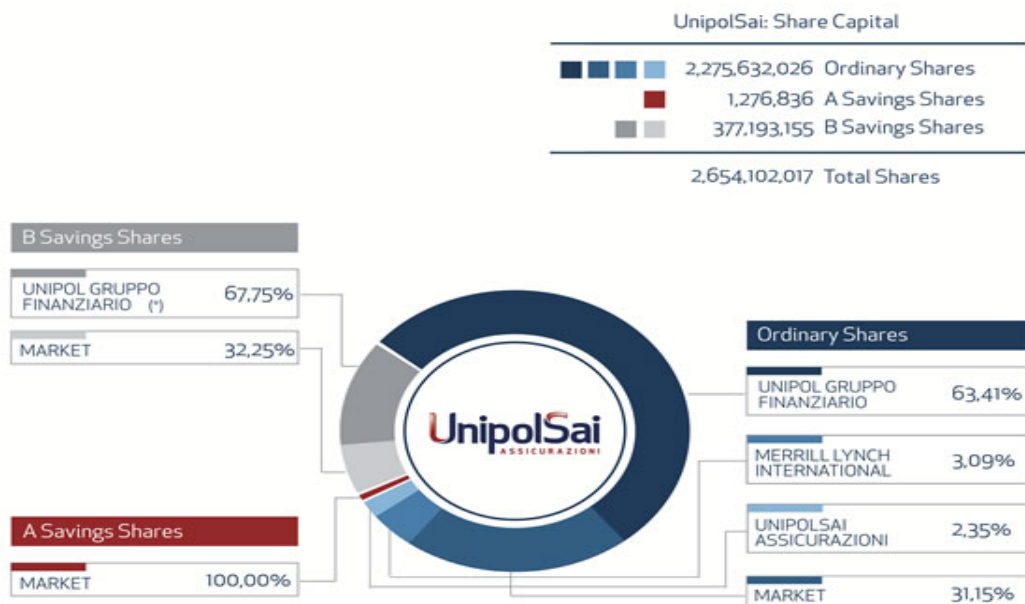
The major holdings in the capital of the Company, which directly, indirectly, through an intermediary or trust companies, exceed 2% of the share capital with voting rights, as of the date of this Report, according to the register of the Shareholders and the communications received in accordance with the law and all other communications received, are:

Registrant	Direct Shareholder	Number of shares	% held
Finsoe S.p.A.	Unipol Gruppo Finanziario S.p.A.	1,442,901,829	63.407
Merrill Lynch International	Merrill Lynch International	70,246,674	3.087
UnipolSai S.p.A.		53,549,686	2,353
	UnipolSai Finance S.p.A.	38,454,775	1.690 (*)
	UnipolSai Nederland BV	9,443,258	0.415 (*)
	SAI Holding Italia S.p.A.	3,225,720	0.142 (*)
	Sainternational S.A. in liquidation	1,254,300	0.055 (*)

UnipolSai S.p.A.	725,620	0.032 (*)
Pronto Assistance S.p.A.	344,312	0.015 (*)
Popolare Vita S.p.A.	101,700	0.004 (*)

(*) deprived by law of voting rights

The allocation of the share capital is represented as follows:



(*) Through Unipol Finance s.r.l.

2.2 Special control rights

Securities have not been issued that confer special control rights.

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 extract of the agreement between UGF and Premafin concluded on 29 January 2012 (as subsequently amended) was published in the national press most recently on 27 June 2012; the description of the essential elements of the agreement is given on the CONSOB website in the section covering the Company.

2.6 Change of control clauses

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

Financing agreements concluded by certain companies directly or indirectly controlled contain the usual change of control clauses.

Other financing agreements concluded by certain subsidiaries stipulated repayment and/or withdrawal of the lender in the event of direct ownership changes and in some cases indirect ones.

2.7 Controlling entity and co-ordination and direction activities

The Company is controlled in accordance with Art. 2359, first paragraph, number 1) of the Italian Civil Code, by Finsoe S.p.A., which holds, indirectly through UGF, a stake equal to 63.004% of the ordinary share capital.

Finsoe does not exercise direction and coordination activities on UnipolSai, within the meaning of Arts. 2497 ff. of the Italian Civil Code, by reason of its exclusive configuration as a holding company with respect to UGF and its subsidiaries, as well as the organisational and functional structure that, in keeping with the role, is established for it.

Within the meaning of Arts. 2497 ff. of the Italian Civil Code, as from 14 November 2012, UGF exercises direction and coordination over UnipolSai and the companies controlled by it.

Also with effect from 14 November 2012, UnipolSai became part of the Unipol Insurance Group, headed for UGF, entered under no. 46 in the Register of Insurance Groups under Art. 85 of Italian Legislative Decree 209/85 and ISVAP Regulation no. 15 of 20 February 2008.

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, mandate revocation/appointment or cessation in the wake of 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 contracts for consultancy 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 the subject, reference is made to the Remuneration Report under Art. 123-ter, TUF, available on the Company's website www.unipolsai.com.

3.2 Rules applicable to the functioning of the Meeting

The convening and functioning of Shareholders Meeting are governed by Arts 8, 9, 10, 11 and 12 of the Articles of Association and the Shareholders' Meetings Regulation.

For a brief description of these rules reference is made to Chapter 12, section II, of this Report.

3.3 Rules applicable to the composition, appointment and functioning of the governing bodies

The composition, appointment and functioning of the Board of Directors and Executive Committee are governed by Arts. 13, 14, 15, 16, 17 and 18 of the Articles of Association.

For a brief description of these rules reference is made to the following Chapters 1 and 5, section II, of this Report.

3.4 Rules applicable to statutory changes

The changes to the Articles of Association will be adopted by the Extraordinary Meeting of Shareholders, subject to approval, where necessary, of the relevant Special Meeting of Savings Shareholders or by the Board of Directors, limited to changes in adjustment to regulations.

3.5 Main features of the internal control and risk management system in relation to financial reporting

The description of the main features of the internal control and risk management system in relation to the Company's financial reporting is contained in paragraph 7.3, section II, of this Report.

4. COMPLIANCE

UnipoSai adopts the Code of Conduct encouraged by Borsa Italiana S.p.A. (available on the website of the Committee for Corporate Governance at <http://www.borsaitaliana.it/comitato-corporate-governance/codice/2014cleaneng.en.pdf> since 2006. The corporate governance structure of UnipolSai is not affected by the provisions of non-Italian law.

SECTION II

GOVERNANCE SYSTEM AND INFORMATION ON THE IMPLEMENTATION OF THE PROVISIONS OF THE CODE OF CONDUCT

(Section drafted under Art. 123-bis of the TUF)

1. THE BOARD OF DIRECTORS

Number of meetings during the year: 12

Average length of meetings: 1 hour and 57 minutes

Average participation: 89.04%

Number of meetings planned for the year 2015: 8 (2 of which already held on the date of this Report and 1 Extraordinary Meeting).

1.1 Role, responsibilities and functioning

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

In line with the above principle of the centrality of the administrative organ, Art. 17 of the Company's Articles of Association has attributed to the competence of the Board of Directors, in addition to the handling of the issue of non-convertible bond, 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 establishment or closure of secondary offices;
- iii) the indication of which among the Directors - in addition to the Chairman, the Deputy Chairmen and CEOs - and among the Company's executives have the representation of the Company in accordance with Art. 21 of the Articles of Association;
- 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.

By law, the Articles of Association and the policies in force, the Board, inter alia:

- a) examines and approves strategic, financial and industrial plans company, periodically monitoring their implementation;

- b) defines:
- the tasks and responsibilities of the corporate bodies and of the functions of risk management, compliance and internal audit, as well as information flows, including the timing, between the various functions and between corporate bodies and the means of coordination and collaboration when the control scopes have areas of potential overlap or make it possible to develop synergies;
 - the nature and level of risk consistent with the strategic objectives of the Company and its subsidiaries;
- c) appoints from within itself one or more Directors responsible for establishing and maintaining an effective system of internal control and risk management;
- d) after an opinion of the Control and Risk Committee:
- defines the reference guidelines of the system of internal control and risk management, so that the main risks relating to the Company and its subsidiaries are correctly identified and adequately measured, managed and monitored, determining also the compatibility of these risks with the Company's management consistent with identified strategic objectives;
 - assesses - at least on an annual basis - the adequacy of the internal control system and the management of existing and future risks relative to the features of the Company and its subsidiaries and to the risk appetite defined 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 plan prepared by the head of the Audit, Risk Management and Compliance functions, after consulting the Board of Statutory Auditors and the Director in charge of the internal control and risk management system;
 - describes, in the corporate governance report, the main features of the internal control system and risk management, expressing its assessment on the adequacy of that system;
 - assesses, after consulting the Board of Statutory Auditors, the results set out by the statutory auditor in any letter of suggestions and report on key issues which have emerged in the statutory audit;
- e) requires that the reporting in a timely fashion of the most significant weaknesses, imparting promptly guidelines for corrective measures, whose effectiveness it later evaluates;
- f) determines the risk appetite of the Company and its subsidiaries in accordance with the objective of safeguarding the assets, establishing consistent levels of risk tolerance which it reviews at least once a year, in order to ensure their effectiveness over time.
- g) appoints, replaces and revokes, on a proposal from the Appointed Director - after a favourable opinion of the Control and Risk Committee and having consulted the Board of Statutory Auditors - managers of the Audit, Risk Management and Compliance Units, while respecting the eligibility requirements for the position, in terms of reputation and professionalism set by the corporate policy

in place, and defines the remuneration in accordance with the remuneration policy adopted by the Company;

- h) may establish internal commissions and committees with proposals and advisory functions, deemed appropriate and necessary for the proper functioning and development of the Company, ensuring that there is adequate and continuous interaction between them, the Top Management and the corporate control functions;
- i) defines, after assessing the proposals of the Remuneration Committee, general policies containing guidelines for the remuneration of Directors and managers with strategic responsibilities (including heads of the Audit, Compliance and Risk Management Units), as well as the Risk Takers, to be approved in accordance with the applicable legislation;
- j) appoints and removes members of the Supervisory Board of the Company; determines, with the assistance of the Remuneration Committee, the remuneration of those members; approves, annually and on a proposal from the Supervisory Committee, the estimates of expenditure, including on an extraordinary basis, necessary for the performance of the control and 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) conducts, at least once a year, with the assistance of the Nomination and Corporate Governance Committee, an assessment of the functioning of the Board of Directors and its Committees (hereinafter 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) 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 subject and putting in place monitoring instruments on the exercise of delegated powers, resulting in the possibility of providing for adequate emergency plans (the so-called "contingency arrangements") if it decides to exercise the delegated powers;
- n) approves the guidelines and policies that apply to the Company as required by industry regulations.

Further reserves of competence of the Board of Directors will be required (i) by the policies adopted by the Company in relation, 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 system of delegation of powers granted to the Executive Committee and CEO. This regulation seeks to ensure that the Board of Directors must examine and resolve on operations of significant strategic importance and major amount.

Consistent with the recommendations laid down in the Code of Conduct - and in particular with Art. 7 of the same Code, which provides that the Board of Directors plays "*a role of address and to assess the adequacy*

of the system" and "individuals inside one or more managing Directors, responsible for establishing and maintaining an effective system of internal control and risk management" - the Board of Directors, and the Board Meeting held on 8 May 2013, appointed a Director in charge of the internal control and risk management system of the Company, in the person of its Vice-Chairman Mr Pierluigi Stefanini.

Under Art. 15 of the Articles of Association, 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 or the CEO. The Board of Directors may also be convened, after communication to the Chairman of the Board of Directors, by at least one Statutory Auditor.

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

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

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

- the Control and Risk Committee, which has reported regularly on the analysis and the activities carried out, the findings and proposals for interventions and actions to be launched, has delivered opinions to support the administrative organ concerning specific matters within its competence, including those covered by the procedure for conducting transactions with related parties in force until 31 May 2014;
- the Remuneration Committee, the Nomination and Corporate Governance Committee and the Related Party Transactions Committee (specially established with effect from 1 June 2014, as explained below) who have given supporting opinions and formulated proposals to be submitted to the Board of Directors in relation to specific matters within their mission;
- the Executive Committee, which has performed investigative and advisory functions on certain topics.

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, on the basis of the periodical reports of the Director of the Control and Risk Committee and control governance control functions (see, in that regard, the relevant chapter).

The explanatory report of the subject of discussion is, as a general rule, 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 nondisclosure requirements. This documentation is made available electronically (Virtual Data Room) and, in addition to allowing more efficient management both in terms of time savings and in respect of high standards of privacy, puts in place effective measures for compliance with the requirements contained in Legislative Decree No. 231/2001 and in the Code.

With reference to matters placed on the agenda, the necessary information remains in any event guaranteed during the meetings, in particular where for the reasons mentioned it is not possible to provide the necessary information with reasonable advance notice.

1.2 Composition

The Articles of Association allocate the management of the Company to a Board of Directors composed of no less than 9 and not more than 19 members appointed by the Shareholders' meeting, after having established the number, and the requirements of professionalism, integrity and independence required by the applicable laws and regulations.

The Directors hold office for three financial years - or at the minimum the amount of time established by the Shareholders in their appointment - and may be reelected.

The Ordinary Shareholders' meeting of 29 April 2013 has, most recently, appointed the Board of Directors, composed of 19 members, giving them a mandate of three years and, therefore, up to the Meeting to approve the annual accounts for the year 2015.

In accordance with Art. 13 of the Articles of Association and in accordance with current legislation and regulations, the appointment of the members of the Board of Directors took place on the basis of lists presented, by law and by the Articles of Association, by (i) Premafin HP and (ii) Anima SGR S.p.A., Arca SGR S.p.A., Eurizon Capital SGR S.p.A., Eurizon Capital s.a., Fideuram Gestions SA, Fideuram Investimenti SGR SA, FIL Investments International, Interfund SICAV, Mediolanum Gestione Fondi SGRp.A., Pioneer Investment Management SGRp.A., Pioneer Asset Management S.A., on behalf of the funds managed by them. These lists were accompanied, inter alia, by the statements in which the individual candidates demonstrated that there are no grounds for their ineligibility or incompatibility, and the satisfaction of requirements for the adoption of their respective positions, and a curriculum vitae of their personal and professional characteristics with appropriate indication of their suitability to qualify as independent under the Code of Conduct and of Art. 147-ter of the TUF. The lists with the indications mentioned above are available in the Governance Section/Shareholder's Meetings/Shareholder's meetings archive of the Company's website www.unipolsai.com.

The Secretary of the Board of Directors, elected under Art. 14 of the Articles of Association, is Mr. Roberto Giay, Responsible for The Department of Law, Shareholdings and Institutional Relations of the Company.

It is recalled that the Meeting of 29 April 2014 confirmed as a member of the Board of Directors of the Company Mr. Paolo Cattabiani, co-opted to the Board of Directors of 20 March 2014 to replace the outgoing Director Mr. Marco Pedroni.

Following the resignation of Director Vanes Galanti, who resigned with effect from the 13 November 2014 Board Meeting, the administrative body, which met on the same day, co-opted, under Art. 2386, first paragraph, of the Italian Civil Code and under Art. 13 of the Articles of Association, Mr. Giuseppe Recchi. The Company's ordinary Shareholders' Meeting of 26 January 2015 then proceeded to the confirmation of the above Board member for the period of office of the entire Board of Directors.

With the communication received by the Company on 6 February 2015, Director Mrs. Maria Antonietta

Pasquariello resigned from her office with effect from the date of the Board Meeting of 10 February 2015. On the same day, the administrative body co-opted, under Art. 2386, first paragraph, of the Italian Civil Code and in accordance with Art. 13 of the Articles of Association, Mrs. Cristina De Benetti, whose mandate will expire at the first appropriate Shareholders' meeting, that is, on the date of this Report, the Meeting convened to approve the annual accounts for the year 2014.

The Board of Directors has duly fulfilled the obligations assigned to it by law with regard to the verification of the statutory requirements of its members, as well as of the members of the Board of Statutory Auditors.

It is reported that on 10 February 2015 the Board of Directors adopted, for the purposes of industry regulations introduced in 2014, the policy for the assessment of the eligibility requirements for the position, which describe, inter alia, the procedures for the assessment of the eligibility requirements for the position - in terms of good repute, professionalism and independence, and absence of legal obstacles, of grounds of disqualification and incompatibility situations - of members of the executive and control organs.

The current composition of the Board of Directors is shown in Table 1. The CVs of the Directors currently in Office are available for consultation on the Company's website, in the section entitled "Governance/Corporate Bodies/Board of Directors".

The Shareholders' Meetings of 29 April 2013, 29 April 2014 and 26 January 2015 authorised, under Art. 2390 of the Italian Civil Code, within the limits of the law (and, therefore, consistent 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 concurrent activities by the members of the Board of Directors. The Board of Directors has also verified the absence, in its members, of situations of incompatibility under the aforementioned legislation.

Criteria for cumulation of offices held 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 Supervisory Board member held by them in other companies listed on regulated markets (including abroad), in major financial, banking and insurance or other companies.

The regulation on the "Limit on the accumulation of offices 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, as the guideline for the maximum number of appointments of Director or Statutory Auditor that may be regarded as compatible with the effective implementation of the mandate of a Director of the Company and provides for verification that the cumulation of offices held by Directors must be performed by the Board of Directors annually and announced in the report on corporate governance and ownership structure.

The rules concerning the maximum number of appointments of Directors or Statutory Auditors can be found in the Corporate Governance section of the Company's website (www.unipolsai.com) and defines some general criteria which take account of the actual role which a UnipolSai Director holds in other companies, as well as the nature and the size of these companies, introducing differentiated limits, respectively, for the role

of Chairman, Executive Director of Non-Executive Director or independent Director of UnipolSai.

The text of the regulation also takes into account the prohibitions introduced by Art. 36 of above-mentioned Decree-law of 6 December 2011, no. 201, converted, with amendments, by law No. 214 of 22 December 2011 establishing the prohibition to hold office or participate in companies or groups, which are competitors, operating in the credit, insurance and finance markets (the so-called "prohibition of interlocking").

The verification of the cumulation of offices held by Directors will be made by the Board of Directors at the time of appointment of Directors and, thereafter, each year.

The annual assessment on the continued satisfaction of the requirements relating to the overlapping of tasks was performed by the Board of Directors on 15 May 2014; this assessment was also carried out, for Mr Giuseppe Recchi and Ms. Cristina De Benetti, following their appointment.

The administrative body has estimated that all the members of the Board of Directors are compatible with the efficient performance of their duties.

There are, finally, no situations of so-called "cross-directorship".

Induction Program

For the purposes of application criterion 2.C.2. of the Code, specific studies have been made of certain materials in order to enable Directors and Statutory Auditors to acquire an adequate knowledge of the sector of activity in which the Company operates, the business dynamics and their evolution, as well as the regulatory reference framework. In particular, during the year, special induction sessions were organised on the greater understanding of the so-called Solvency II capital requirements of insurance companies.

1.3 Appointment and replacement of Directors

In accordance with the law and Articles of Association, the Directors are appointed by the Shareholders' meeting on the basis of lists submitted by the stakeholders, containing a number of candidates not less than nine and not more than nineteen, listed with a sequential number. The lists 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.

In each list there must be included and expressly indicated at least two candidates in possession of such independence requirements for Statutory Auditors under Art. 148, paragraph 3, of the TUF and subsequent amendments and supplements. If only two candidates possess the above requisites, then such candidates cannot be listed under the last two consecutive numbers on each list.

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 present or participate to the presentation, not even through a third party or a fiduciary company, of more than one list,

nor can vote, not even through a third party or a fiduciary, for lists other than the list they have presented individually or jointly with others. Any adhesion to and votes cast in breach of such provision shall not be attributed to any list.

Each candidate may be listed in one list only, under penalty of ineligibility.

Shareholders who, individually or jointly with others, hold in the aggregate the shareholding determined in accordance with the provisions of law and regulations in force at the time and which shall be from time to time indicated in the notice of call of the Shareholders' meeting, are entitled to present a list: on the date of this Report, this shareholding determined by CONSOB, most recently by Resolution 19109 dated 28 January 2015, is equal to 1% of the ordinary share capital.

The ownership of the stake required for the submission of the lists is determined having regard to the shares that are entered for the submitting Shareholder(s) on the day that the lists are filed at the Company.

If during the year one or more Directors to part, as long as the majority is made up of Directors appointed by the Shareholders' meeting, the procedure will be governed by Art. 2386 of the Italian Civil Code, as indicated below:

- 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 on the above-mentioned list there are no previously unelected candidates or candidates with the necessary requirements, or if for any reason it is not possible to comply with the provisions in subparagraph a), the Board of Directors will make the replacement, subsequently to be approved by the Meeting, with the statutory majorities, without fighting on the list.

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.

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

1.4 Non-executive and independent Directors

The Company, in line with international best practice, placing particular attention on the requirement for substantial independence of its non-executive Directors, has adopted a restrictive interpretation of the provisions contained in the Code, in order to ensure the interests of all Shareholders, both majority and minority. Consequently, it was decided to exclude from the list of independent Directors - regardless of whether they comply or not with one or more of the requirements of Art. 3 of the Code - those Directors who:

- (i) hold offices in the corporate bodies, other than of UGF, of companies which indirectly control UnipolSai;

- (ii) are called to be part of the Executive Committee, regardless of any evaluation of the frequency and content of the meetings of such Committee;
- (iii) are, or in the last three years have been, significant figures (meaning those who hold the position of Chairman of the Board of Directors or executive Director or qualify as Key Managers) of companies belonging to the Unipol Group with strategic importance within the Group itself;
- (iv) hold offices in the corporate bodies of any entities participating in shareholder's agreements for the control of the Company or nevertheless containing clauses regarding the composition of the Board of Directors of the Company, or of companies controlled by the same in accordance with Art. 2359, first paragraph, of the Italian Civil Code (this case, moreover, did not apply in the previous financial year, nor does it currently apply).

In its meeting of 20 March 2014, the Board of Directors partially reviewed the criteria pursuant to (ii) above, previously adopted by the Board concerning qualification as a non-executive Director, regardless of any other considerations, of members of the Executive Committee; as a result of this review, the possibility of Directors who are members of the Executive Committee of the Company being qualified as non-executive (and, where appropriate, independent) was recognised, provided that they are not attributed with individual management powers. This based on the application criteria 2.C.1. and 2.C.3. of the Code and considering that the Executive Committee of UnipolSai cannot be considered a body systematically involved in the current operations of the Company, due to:

- both the strictly advisory nature of the functions assigned to the same; the Board of Directors has in fact attributed to this body *"advisory functions and the task of collaborating in the identification of development policies and guidelines of strategic and operational plans to be submitted to the Board of Directors, in particular on the following issues:*
 - *dividend and/or return on capital policies;*
 - *operations of an extraordinary nature under the responsibility of the Shareholders' Meeting, in particular capital increases and issue of convertible bonds, mergers, demergers, distribution of reserves, purchase of treasury shares and changes to the By-Laws;*
 - *extraordinary operations of significant strategic interest or that are likely to have a significant effect on the value and/or the composition of the company's equity or to significantly influence the share price, such as acquisitions or divestments of major shareholdings, aggregations or alliances with other groups, significant changes in the Group's structure or composition;*
 - *long-term strategic plans and annual budgets of the Company and the Group";*
- as well as the fact that the delegation of powers of a strictly operational nature attributed to the Committee relate to areas considered not to be physiological and recurring in the company's operations.

In view of this, the Board of Directors is currently composed - with the exception of the Chief Executive

Officer and, as explained below, the Deputy Chairman - 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 parent companies, as provided for in the Code. Previously, given his automatic membership of the Executive Committee, the Chairman of the Board of Directors had been classified as an executive Director, albeit without management powers and not holding strategic or management positions in the Company, in subsidiaries of strategic importance or in parent companies.

It is also pointed out that the Board of Directors, in its meeting of 8 May 2013, identified the Deputy Chairman of the Company, Mr. Pierluigi Stefanini, as Director In Charge, pursuant to the Code - being a Director without operational powers - for the entire term of office of the Board of Directors. Mr. Pierluigi Stefanini, as a result of the appointment received, acquired the position of executive Director.

Please note that the Board of Directors, in its meeting of 29 January 2012, had resolved that, for the purposes of assessment of the requirement of independence of a Director, account should be taken of the annual remuneration for any professional services rendered to the former Fondiaria-SAI Group 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, in any case, the amount of € 200,000.

The annual assessment by the Board of Directors of the independence requirements of non-executive Directors required by the Code was carried out in the Board meeting of 15 May 2014, taking into account the indications provided by CONSOB with communication DEM/10046789 of 20 May 2010, in which it is stated that *"the definition of independent director pursuant to the combined provisions of Articles 147-ter, fourth paragraph, and 148, third paragraph of the Consolidated Law on Finance, allows the appointment of an independent director of a listed company as an independent director in one or more subsidiaries of the listed company without this in itself leading to the loss of independence"*. This assessment was also carried out, for Mr. Giuseppe Recchi and Mrs. Cristina De Benetti, following their appointment.

The outcome of these verifications is shown in the attached Table 1, remembering in this regard that the Company is required to comply with Art. 37 of the Market Regulations which, in the first paragraph, requires that *"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"*.

The Board of Statutory Auditors reports on the outcome of the audit carried out on the correct application of the verification criteria and procedures adopted by the Board of Directors to assess the independence of its members in the Statutory Auditors' report to the Shareholders' Meeting.

With reference to the Policy for assessment of possession of the requirements of eligibility for the office already mentioned, it should be noted, finally, that with reference, in particular, to the requirement of independence of a Director, the criteria already adopted to date by the Board of Directors of UnipolSai have been confirmed and therefore also the criterion for assessment of the annual remuneration of any professional services rendered.

During 2014 there were no formal meetings of the independent Directors in the absence of the other

Directors, deeming that the process of self-assessment of the Board of Directors provided the opportunity for them to freely express their opinion on the functioning of the Board, discussing the outcomes in a meeting of the Board itself.

1.5 Lead Independent Director

The Chairman has no operational powers and no specific role in developing corporate strategies. The separation of the roles of Chairman and Chief Executive Officer 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.

1.6 Remuneration

The Shareholders' Meeting of 29 April 2013 resolved i) annual remuneration for each Director of € 30,000, in addition to expenses incurred in carrying out their duties; ii) an annual amount of € 15,000 for the office of member of the Executive Committee, as well as iii) payment of an attendance fee of € 750 for each Board, Executive Committee or Shareholders' Meeting attended by the Director.

This Meeting also resolved to provide insurance coverage 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, defined the remuneration of the Chairman, Deputy Chairman and Chief Executive Officer with reference to these offices.

The Board of Directors also approved for Directors who are members of Board Committees a fixed remuneration of €1,000.00 for attending each respective meeting.

The remuneration of non-executive Directors is not linked to the results achieved by the Company, nor are there any plans for share-based incentives or, in general, those based on financial instruments for members of the Board of Directors.

During the year 2014, the Board of Directors defined the general policy for the remuneration of members of corporate bodies and key managers of UnipolSai for the year 2014, approved by the Ordinary Shareholders' Meeting held on 29 April 2014.

On 19 March 2015, the Board of Directors of the Company updated the general policy for remuneration of members of corporate bodies and key managers of UnipolSai for the current year, and also approved the Remuneration Report prepared pursuant to Art. 123-ter of the TUF and Art. 24 of ISVAP Regulation no. 39 of 9 June 2011, which will be submitted to the Shareholders' Meeting convened to approve the 2014 financial statements. Please refer to the Remuneration Report (which will be made available in accordance with law in the Governance section of the Company's website www.unipolsai.com) for information relating to the objectives pursued by the Remuneration Policy, 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 of maturity of rights, as well as mechanisms for incentivisation of managers of internal control functions. The same document also contains detailed information on the remuneration received during the year by members of the Board of Directors, the Chief Executive Officer, as well as the remuneration cumulatively received by Key Managers.

Succession planning

With reference to the recommendations contained in CONSOB Communication no. DEM/110129884 of 24 February 2011, it is pointed out that the Company has started the implementation of a Succession Planning project for Group Executives and, more generally, key managers.

The project, 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 design 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.

1.7 Annual self-assessment

The Board Performance Evaluation activities in terms of size, composition and functioning of the Board of Directors and Board Committees were divided into: (i) an individual discussion with each Director and Statutory Auditor based on a self-assessment questionnaire; (ii) analysis of the information and comments emerging; and (iii) discussion with the Board, during its meeting held on 15 May 2014, of a report on the main results.

The Board of Directors defined the criteria and tools for conducting the Board Performance Evaluation and, in line with that done in previous years, involved the Board of Auditors, and also deemed it appropriate for Egon Zehnder International SpA, advisor of primary standing in the industry, to support Directors and Statutory Auditors in conducting the analysis. In order to accompany the entire term of office of the Board of Directors and, therefore, follow the evolution of the same during the period 2013-2015 - conducting, for each financial year, a Board Performance Evaluation, 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 appointed the advisor for a three-year term. It is pointed out in this regard that Egon Zehnder International S.p.A. also performs the same assignment for the Parent Company.

From the above activities, carried out in 2014 with reference to the previous year, the following emerged:

- satisfaction with the performance of the Board in risk management and control and with the clarity and adequacy of the Company strategy;
- satisfaction with the quality and continuity of its relations with the Chairman and with the Chief Executive Officer, their work in harmony and complementarity with the same and their proactive commitment to consistently provide the Board with informative analyses on critical topics;
- appreciation for the work carried out by all the Committees established up to the beginning of the self-assessment process;
- satisfaction with the quality of the relationship with the permanent controlling shareholders, a relationship that is perceived as a clear competitive advantage;
- assessment of the opportunity to dedicate more time to strategy issues and to establish adequate and continuous induction and refresher plans for all Directors.

2. 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 financial years or for the shorter period of office of the Board itself.

The Chairman, in addition to exercising company representation pursuant to Art. 21 of the By-Laws, convenes meetings of the Board of Directors and Executive Committee, establishes the 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 29 April 2013 confirmed Mr. Fabio Cerchiai as Chairman of the Company for the duration of office of the Board of Directors and, therefore, until the date of approval of the financial statements for 2015.

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 Directors holding special offices, 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 Chief Executive Officer of information acquired from other sources, for the orderly management of the structure.

The Chairman, at the request of one or more Directors, may request the Chief Executive Officer that Managers of the Company and its subsidiaries, responsible for the relevant corporate functions according to the subject, attend Board meetings to provide useful information on items on the agenda.

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

3. THE DEPUTY CHAIRMAN

The Deputy Chairman is elected, 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.

The Deputy Chairman, in addition to exercising company representation pursuant to Art. 21 of the By-Laws, replaces the Chairman with the same powers in the case of his absence or impediment.

The Board of Directors, in its meeting of 8 May 2013, confirmed Mr. Pierluigi Stefanini as Deputy Chairman of the Company.

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

4. THE CHIEF EXECUTIVE OFFICER

The Chief Executive Officer is 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. The Board of Directors, in its meeting of 8 May 2013, in continuity with the Board resolution of 5 November 2012, confirmed Mr. Carlo Cimbri as Chief Executive Officer of the Company, thus also ensuring, by virtue of the same role held by the latter in UGF, an adequate level of coordination with the policies of the Unipol Group, for the purposes of effective management of the process of integration and rationalisation of the Group primarily pursued with the Merger.

The Chief Executive Officer is an executive Director of the Company.

The Chief Executive Officer, in addition to exercising company representation pursuant to Art. 14 of the By-Laws, has been assigned by the Board of Directors the following functions:

- i) implement the resolutions of the Board of Directors, the Executive Committee and the Shareholders' Meeting;
- ii) promote corporate policies within the scope of the strategic guidelines established by the Board of Directors;
- iii) ensure day-to-day management of the business;
- iv) supervise and coordinate all corporate activities;
- v) ensure that the organisational, administrative and accounting structure is adequate for the nature and size of the Company;
- vi) support the Director In Charge in the design and implementation of said system, in accordance with the governance directives and policies established by the Board of Directors.

The Board of Directors has also conferred specific powers on the Chief Executive Officer, with related limits.

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

5. THE EXECUTIVE COMMITTEE

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.

If appointed, the Chairman of the Board of Directors, the Deputy Chairman and the Chief Executive Officer are also members of the Executive Committee.

The Board of Directors, in its meeting of 8 May 2013, appointed the Executive Committee, determining, in accordance with the By-Laws in force at the time, that it should have 3 members, in the persons of the automatic members of the Committee pursuant to said By-Laws, and resolved to attribute to the same - as mentioned in Paragraph 1.4 above - "*advisory functions and the task of collaborating in the identification of development policies and guidelines of strategic and operational plans to be submitted to the Board of Directors, in particular on the following issues:*

- *dividend and/or return on capital policies;*
- *operations of an extraordinary nature under the responsibility of the Shareholders' Meeting, in particular capital increases and issue of convertible bonds, mergers, demergers, distribution of reserves, purchase of treasury shares and changes to the By-Laws;*
- *extraordinary operations of significant strategic interest or that are likely to have a significant effect on the value and/or the composition of the company's equity or to significantly influence the share price, such as acquisitions or divestments of major shareholdings, aggregations or alliances with other groups, significant changes in the Group's structure or composition;*
- *long-term strategic plans and annual budgets of the Company and the Group".*

The Board of Directors also conferred specific powers on the Executive Committee, with related limits, with reference to acts which do not fall within the powers conferred on the Chief Executive Officer.

The Board of Directors, in its meeting of 20 March 2014, increased the number of members of the Executive Committee from three to five, co-opting, in addition to the Chairman, Deputy Chairman and Chief Executive Officer, the independent Directors Nicla Picchi and Francesco Vella.

The current composition of the Executive Committee is represented in the attached Table 3.

During 2014, the Executive Committee met twice.

6. OTHER COMMITTEES

The Board of Directors, within the scope of its powers as per the By-Laws, 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 responsibilities also in compliance with the criteria set forth in the Code.

More specifically, the Board of Directors of 8 May 2013 approved the establishment of the following internal Committees:

- Control and Risk Committee;
- Remuneration Committee.

During the financial period, the Board of Directors also established:

- on 20 March 2014, the Nomination and Corporate Governance Committee;
- on 15 May 2014, the Committee for Transactions with Related Parties, as set forth in the new Procedure for the transactions with related parties adopted by the Board of Directors itself and hereinafter detailed.

6.1 Control and Risk Committee

Number of meetings held during the financial period: 10.

Average duration of the meetings: 1 hour and 30 minutes, approximately.

Number of meetings planned for the 2015 period: 7 (of which 1 already held as at the date of this Report).

The UnipolSai Board of Directors, at the meeting of 8 May 2013, appointed, pursuant to the Code, 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 composition of the Control and Risk Committee is detailed in Table n. 3.

The Chairman of the Control and Risk Committee is responsible for reporting on the work of the Committee, with the support of the Secretary, whose tasks are carried out by the Audit function. The Control and Risk Committee performs, for the Board of Directors, propositional, advisory, investigative and support activities regarding the assessments and resolutions to be issued by the Board in reference mainly to the internal control and risk management system, as well as to the approval of periodical accounting documents.

As regards the performance of these activities, pursuant to the Regulations applicable to the Committee and to the policies in effect, the Control and Risk Committee carries out in particular the following tasks and assignments:

- a) expresses its opinions to the Board of Directors regarding:
 - definition of the guidelines applicable to the internal control and risk management system, in order to correctly identify, measure, manage and monitor the main risks to which the Company and its subsidiaries are exposed, thus determining the degree of compatibility of

such risks with a corporate management that must be in line with the identified strategic objectives;

- approval, on an annual basis, of the work plan prepared by the managers of the Audit, Compliance and Risk Management functions;
 - preparation of an annual report on corporate governance that includes a description of the main characteristics of the internal control and risk management system, and assesses its adequacy;
 - assessments, after consulting with the Board of Statutory Auditors, of the results provided by the Auditing Company in its contingent letter with recommendations and in the report about any fundamental issues identified during auditing;
- b) issues a binding opinion on the proposal for the appointment and the revocation of the managers of the Audit, Compliance, Anti-Money Laundering and Risk Management functions and related remunerations, in accordance with the guidelines adopted by the Board of Directors;
- c) issues a binding opinion on the resolutions approved by the Board of Directors as regards the allocation of adequate resources to the managers of the Audit, Compliance, Anti-Money Laundering and Risk Management functions, for the fulfilment of the assigned responsibilities;
- d) assesses, together with the Financial Reporting Officer, after consulting with the Independent Statutory Auditors and with the Board of Statutory Auditors, the correct application of accounting standards and, with reference to the Consolidated Financial Statements, their consistent use at a Group level;
- e) issues opinions on specific aspects regarding the identification of the main corporate risks;
- f) reviews the periodical reports containing assessments about the internal control and risk management system, and those of particular relevance as prepared by the Audit, Compliance, Anti-Money Laundering and Risk Management functions;
- g) monitors the autonomy, adequacy, efficacy and efficiency of the Audit, Compliance, Anti-Money Laundering and Risk Management functions;
- h) may ask the Audit function to carry out assessments on specific operational areas and inform, at the same time, the Chairman of the Board of Directors, the designated Director, the CEO and the Chairman of the Board of Statutory Auditors about such assignments;
- i) reports to the Board, at least on a semi-annual basis, at the time of the approval of the annual and semi-annual financial reports, about the performed activities and the adequacy of the internal control and risk management system.

In carrying out its activities, the Control and Risk Committee has adopted methods that ensure an effective cooperation with the same Committee of the Parent Company as regards matters of relevance and interest to the latter, in order to implement with efficacy and consistency the operational directions set forth by UGF for the Group as they apply to the areas under the responsibilities of the Committee.

The Control and Risk Committee, also in consideration of the powers attributed by Legislative Decree n. 39/2010 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 in the pursuit of the principle of cost containment of the controls, in 2014, the members of the Board of Statutory Auditors attended the meetings of the Committee.

Until 31 May 2014 (effective date of the new procedure for transactions with related parties; see Chapter 8 here below), the Control and Risk Committee was also identified as a competent body for the support of the Board of Directors in defining the methods for the approval and performance of transactions with related parties, as well as to submit an opinion to the Board of Directors, in reference to the so-called “less material” transactions with related parties, in compliance with the Regulations applied to transactions with related parties, as approved by CONSOB with resolution n. 17221 of 12 March 2010, as amended. The Control and Risk Committee remains as the defined body in charge of expressing, to the Board of Directors, its non-binding opinion about the presence of inter-group transactions that may exceed the limits of annual operability as set forth in the Inter-group Guidelines adopted pursuant to the ISVAP Regulations n. 25 of 27 May 2008.

In order to perform its tasks, the Committee avails itself of tools and information flows, provided specifically by the Audit, Compliance and Anti-Money Laundering functions of the Company, so as to allow the Committee itself to issue the required assessments within its area of competence. In addition, the Control and Risk Committee can:

- request to the members of the bodies of the subsidiaries, all documented information that is deemed necessary for a 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.

The Committee avails itself, for the performance of its tasks, of a budget approved by the Board of Directors that is adequate for the fulfilment of its tasks.

The Control and Risk Committee during the meetings held in 2014 and until the date of this Report, reviewed and evaluated, inter alias:

- 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 about the activities carried out by the Risk Management function and related activities plan, including specific documented information about the plan for the alignment with the Solvency II regulations;
- the reports about the activities carried out by the Compliance function during the financial period, and related activity plan;
- the reports about the activities carried out by the Anti-Money Laundering function;

- 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 of Executives with strategic responsibilities of UnipolSai, including the managers of the Audit, Compliance, Anti-Money Laundering and Risk Management functions;
- the proposals for the annual update of the ICS Directives (as defined in the following Chapter 7), issuing specific opinions;
- the company's policies, prepared or updated pursuant to the provisions contained in the ISVAP Regulations n. 20/2008;
- the drafts of the annual Report on Corporate Governance and ownership structures for the 2013 and 2014 periods;
- the outcomes of the particularly relevant Audit reports.

The Committee reported also to the Board of Directors about the carried out activities and the related results included in the semi-annual report as at 30 June 2014 and at the time of approval of the Financial Statements for the year 2014.

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

6.2 Remuneration Committee

Number of meetings held during the financial period: 4.

Average duration of the meetings: 1 hour, approximately.

Number of meetings planned for the 2015 period: 5 (of which 2 already held as at the date of this Report).

The Board of Directors appointed, at the meeting of 8 May 2013, the members of the Remuneration Committee. One of the members of the Remuneration Committee has adequate knowledge and expertise in financial matters, as assessed by the Board of Directors at the time of his/her appointment.

The composition of the Remuneration Committee is detailed in the annexed Table n.3. The Chairman of the Committee is responsible for reporting on the work performed, with the support of the Secretary, whose functions are carried out by the Human and Organisational Resources Management Department.

The Board of Directors, pursuant to the Code and ISVAP Regulations n. 39 of 9 June 2011, has assigned to the Remuneration Committee the following tasks as regards remuneration:

- to submit proposals to the Board of Directors regarding the definition of the general policies containing the guidelines for the remuneration of Directors and personnel (as defined by the aforementioned ISVAP regulations), including the Executives with strategic responsibilities as well as the

managers of internal control functions, in compliance with the directions set forth by the Parent Company;

- to submit proposals to the Board of Directors as regards the remuneration of the executive Directors and of the other Directors who hold particular offices, taking into consideration the directions set forth by the Parent Company, and to set performance objectives related to the variable component of such remunerations, thus monitoring the application of the decisions adopted by the Board of Directors and verifying, in particular, the actual fulfilment of such performance objectives;
- to evaluate periodically the adequacy, the overall consistency and correct application of the policies for the remuneration of the Directors and the Executives with strategic responsibilities (including the managers of internal control functions), availing itself of the information provided by the CEO and submitting proposals to the Board of Directors on these matters.

Until 31 May 2014 (date of the entry into effect of the new Procedure for transactions with related parties; see Chapter 8 below), the Remuneration Committee, given that its composition was compliant with the CONSOB Regulation adopted with resolution n. 17221 of 2010, was also identified as the body competent for expressing a prior, reasoned opinion regarding resolutions on the remuneration of the Company's Directors, in reference also to offices held or assignments carried out in other subsidiaries, if these remunerations did not fall under the remuneration policies approved by the Shareholders' Meeting.

The members of the Board of Statutory Auditors are also invited to attend the meetings of the Remuneration Committee.

In 2014, the Remuneration Committee carried out mainly the following activities:

- performed advisory and propositional functions for the definition of policies applied to the remuneration of Directors and general personnel (as identified pursuant to applicable regulations);
- reviewed the remuneration benchmarks of top management comparing them with those of similar groups and companies in order to determine the overall alignment of the remunerations, thus expressing a favourable opinion as regards possible adjustments of the fixed portion of the remuneration of key personnel, based on said market benchmarks;
- proposed to the Board of Directors the gross annual remuneration for the members of the Nomination and Corporate Governance Committee and for the Related Party Transactions Committee for Transactions;
- reviewed and proposed to the Board of Directors the adoption of the Remuneration Policy;
- reviewed and shared the Remuneration Report prepared pursuant to Art. 123-ter of the TUF (Consolidated Finance Act) and the above-mentioned ISVAP Regulations;
- expressed a favourable opinion to the Board of Directors as regards the adoption of the incentive plan for the executive Group of the Company, called *Unipol Performance Management*, for the period 2013-2015; the adoption of the related Regulations and of the annexed Remuneration Plan

based on financial instruments, pursuant to Art. 84-*bis* of the Issuers' Regulations for the 2015 period;

- shared some prospective assessments on the remuneration structures for top management following completion of the integration process, in compliance with the Remuneration Policies of the Parent Company.

Also, the Committee made a prior assessment of the independence of the advisor from whom it had received information on market practices regarding remuneration policies.

The Committee avails itself, for the performance of its tasks, of an adequate budget approved by the Board of Directors.

6.3 Nomination and Corporate Governance Committee

Number of meetings held during the financial period: 2.

Average duration of the meetings: forty minutes approximately.

Number of meetings planned for the 2015 period: 9 (of which 2 already held as at the date of this Report).

The composition of the Nomination and Corporate Governance Committee is detailed in the annexed Table n. 3.

The Chairman of the Committee is responsible for reporting on the works performed, availing itself of the support of the Secretary, whose functions are carried out by the Legal office and by the Equity Investments and Institutional Relations office.

The Board of Directors appointed by the Shareholders' Meeting of 29 April 2013, resolved not to establish a specific Appointment Committee in consideration of the concentration of the controlling shareholding of the Company and the fact that the latter operates under the direction and coordination of UGF, pursuant to Art. 2497 and subsequent Articles of the Italian Civil Code; if this had not been necessary, the functions of the Appointment Committee as set forth by the Code and as permitted by the Code itself, would have been carried out by the Board of Directors as a whole.

In the meeting of 20 March 2014, also taking into account the larger size of the Company due to the Merger, the Board of Directors resolved to establish an Nomination and Corporate Governance Committee, and pursuant to the regulations under Art. 37 of the Market Regulations and the Governance Code, called for 3 Directors to join the Committee, all of them non-executives and independent, and to attribute to this Committee the following functions:

- 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 the 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:

- a) the implementation of the corporate governance system;
- b) size and composition of the Board of Directors, along with recommendations as regards the professional roles to be held within the Board of Directors, and the maximum number of assignments and derogations to the non-compete clause.

The composition of the Nomination and Corporate Governance Committee is detailed in Table n. 3.

The Committee avails itself of a budget, approved by the Board of Directors, that is adequate for the performance of its tasks.

The Minutes of the Committee's meetings have been regularly taken.

During the 2014 period and at the meetings held in 2015, the Nomination and Corporate Governance Committee performed, inter alias, the following activities:

- reviewed the annual report on Corporate Governance for the 2015 period;
- expressed an opinion to the Board of Directors about the proposal for the appointment of a new Director replacing the exiting non-executive and independent Director, Mr Vanes Galanti;
- proposed to the Board of Directors the appointment of a new Director replacing the exiting non-executive and independent Director, Mrs Maria Antonietta Pasquariello;
- expressed, pursuant to the Governance Code, opinions regarding the independence of the Directors and Statutory Auditors.

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

6.4 Related Party Transactions Committee

Number of meetings held during the financial period: 7.

Average duration of the meetings: 1 hour, approximately.

Number of meetings planned for the 2015 period: 4 (of which 1 already held).

The Board of Directors, on 15 May 2014, established the Related Party Transactions Committee and appointed its members. The composition of the Committee for Transactions with Related Parties is detailed in Table n. 3.

The Chairman of the Committee is responsible for reporting on the works performed, availing itself of the support of the Secretary, whose functions are carried out by the Department of Law, Shareholdings and Institutional Relations.

The Committee has advisory, dialectic and propositional functions with the Board of Directors and the corporate structures of UnipolSai and its subsidiaries, as regards Transactions with related parties ("Transactions"), in compliance with the provisions set forth in the Regulations issued by CONSOB with resolution n. 17221 of 12 March 2010, as amended, and the internal procedure adopted by the administrative body of UnipolSai for carrying out these transactions (the "Related Parties Procedures"; see

the following paragraph 8).

More specifically, the Committee:

- participates in the negotiation and in the investigation phases of Transactions of major relevance (as defined in the Related Party Procedure);
- 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 registered (the “Related Parties Register”).
- expresses to the body called upon to issue a reasoned, non-binding opinion about the interest of the Company in carrying out Transactions of minor relevance (as defined in the Related Parties Procedure, as well as about the convenience and substantial correctness of related conditions);
- expresses to the competent body called upon to issue a resolution, based on complete and timely information provided by the company's structure during the investigational phase, and if appropriate, during negotiations, a favourable and reasoned opinion on the interest of the Company in the completion of Transactions of major relevance, as well as on the convenience and substantial correctness of all related conditions;
- expresses to the delegated body of UnipolSai (Board of directors or CEO, based on the respective areas of competence and/or delegated powers), which has the authority to approve Transactions of major and minor relevance carried out through the subsidiaries, a reasoned and non-binding opinion regarding the interest of the Subsidiary 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 regarding updates made to the Related Parties Procedure.

The Committee avails itself of a budget, approved by the Board of Directors, that is adequate for the performance of its tasks.

The meetings of the Related Party Transactions Committee were attended by employees and external subjects, upon invitation by the Committee's Chairman, who were convened to provide input on specific agenda items.

7. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Internal Control and Risk Management System is a fundamental element in the overall corporate governance system. It is made up of a set of rules, procedures and organisational structures that aim to ensure:

- effectiveness and efficiency of corporate processes;
- suitable limits on current and forward-looking risks;
- avoiding the company's involvement, even involuntarily, in unlawful activities, particularly those associated with money laundering and terrorism financing;

- verification that corporate strategies and policies are implemented;
- safeguarding of company asset values;
- reliability and integrity of accounting and operational data 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 on 18 December 2014¹.

The ICS Directives that entered into force in 2014, also to adapt to the updated text of ISVAP Regulation no. 20 of 26 March 2008 (the Regulation on internal control, risk management, compliance and outsourcing of insurance company activities, pursuant to Art. 87 and Art. 191, paragraph 1, Legislative Decree no. 209 of 7 September 2005 - Private Insurance Code), defined the coordination methods and information flows between the various parties involved in the Internal Control and Risk Management System.

Each year, in relation to the provisions of the aforementioned ISVAP Regulation no. 20, the Board of Directors examines and approves a specific report on the Internal Control and Risk Management System, subsequently sent to the Authority, which amongst other things describes:

- the internal control system as a whole, including its main procedures, any initiatives undertaken during the year and any changes made;
- the role and functions of the administrative body and related internal committees;
- the company organisation chart;
- the structure of the Audit, Risk Management and Compliance functions and the number of human resources dedicated to the related activities, as well as their characteristics and technical-professional experience;
- the internal audit activities undertaken, any shortcomings reported and the corrective action adopted;
- the strategies, processes and procedures for internal and external reporting, the methods adopted to effectively and continuously identify, measure, monitor, document, manage and report risks, at individual and aggregate levels, to which the company could be exposed;
- the methods by which the risk management system is implemented and integrated into the company's decision-making processes.

¹ All companies included in the scope of application of the Directives regarding the Internal Control and Risk Management System implement these at the first available Board of Directors meeting.

In 2014 a major review of the corporate policies relating to the internal control system was implemented, with particular regard to risk management policies. These policies were approved by Unipol Gruppo Finanziario as part of its management and coordination activities, also in its capacity as parent company of the Unipol Insurance Group, and were subsequently adopted by the Company and the Group's insurance companies included in the scope of application. The principles and process of the overall Risk Management System are governed by the following Group policies: "Risk Management Policy", "Current and Forward-looking Risk Assessment Policy" and "Operational Risk Management Policy". Also forming 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. Investment Policy for market risk, Credit Policy for credit risk, etc.), (ii) management of a risk within a specific process, (iii) mitigation of a risk and (iv) management of risk measurement models.

Risk Management System

The Risk Management System is the set of principles, processes and tools that offer a suitable understanding of the nature and significance of risks to which the Company and the individual companies are exposed.

Within the Company, risk management is divided into the following steps:

- *identification of significant risks*, i.e. those with consequences capable of compromising the solvency or reputation of the Company or constitute a serious obstacle to achieving strategic objectives. These risks are classified according to a taxonomy that takes into consideration the structure of the entire Unipol Group and the specific nature of the types of business managed by the various operating companies;
- *risk assessment*, consisting in measurement of the risk and identification of the impact of a potential event on the achievement of corporate objectives. Risk measurement is performed through the combined use of various methods and tools:
 - *Solvency I* - the regulatory method in force which introduced the minimum capital requirement (minimum solvency margin) and the ratio with indicators such as premiums and claims, mathematical provisions and capital at risk;
 - *Solvency II* - the standard formula envisaged for regulatory purposes and adopted by the Group's insurance companies that will use this method also to verify regulatory solvency. In addition, as part of the process of implementing the regulations, the Group has outlined the developments in its risk management logic in readiness for Solvency II, also through the development and use of an Internal Model for the assessment and measurement of the risks, which uses sophisticated financial analysis and discounting tools²;
 - *Stress tests* - these are quantitative approaches used by businesses to assess their vulnerability to extreme but plausible events;

² UGF (at consolidated level), UnipolSai, Arca Vita and Popolare Vita are currently at pre-application stage for use of the Internal Model to calculate regulatory solvency.

- *control, reporting* - a reporting system was arranged that integrates the results of the Internal Model. This system divides reporting into “internal” and “external”. Internal reporting, addressed to the bodies and internal structures of the Group, has the aim of steering strategic and business decisions and verifying sustainability over time. External reporting is divided into “reporting to the Supervisory Authority” and “reporting to the market”.
- *mitigation* - in coordination with all the structures/departments involved, consists in identifying and proposing action required and/or useful in mitigating existing or prospective levels of risk not in line with the risk objectives defined at corporate level.

Risk Appetite and Risk Appetite Framework

The Risk Management System is designed according to enterprise risk management logic, i.e. based on consideration from an integrated point of view of all current and forward-looking risks to which the Group is exposed, assessing the impact these risks could have on achieving the strategic objectives.

In order to pursue these objectives, the approach adopted considers the need to, at the same time, satisfy the varying demands of the key stakeholders. In particular, the Risk Management System aims to reflect:

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

Based on these principles and in order to pursue the assigned objectives, the Risk Management System is designed around a fundamental element: Risk Appetite.

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

- the objective aimed for is not to eliminate risks but to manage them in such a way as to ensure sustainable, long-term growth;
- the most important components in terms of risk profile in order to guarantee the security and protection of customers, employees and the market are: capital strength, sufficient 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.

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

- capital at risk;
- capital adequacy;

- liquidity/ALM ratios.

Quality objectives are defined in reference to compliance, strategic, reputational, emerging 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 - the Risk Appetite Framework (RAF). The RAF is defined in strict compliance and prompt reconciliation with the business model, the strategic plan, the own risk and solvency assessment process (ORSA), 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 the operational risk limits);
- Risk Profile.

The activity to define RAF components is dynamic and progressive, 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 preventive control of the Risk Appetite, and capital adequacy in particular, are performed when studying extraordinary transactions (mergers, acquisitions, disposals, etc.).

The RAF is broken down into several analysis macro areas with the aim of guaranteeing continuous monitoring of risk trends. The main analysis macro areas are: risk type, group, subgroup and individual company.

The ORSA process

Under its own Risk Management System the Company uses the ORSA process as a tool to assess risk management system effectiveness.

The key objective of this tool is to support the company in defining its Risk Appetite, in compliance with the objective of safeguarding assets. This evaluation covers at least the overall solvency requirement and takes account of the specific risk profile, in current and forward-looking terms.

7.1 Breakdown of 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 managers of the operating structures, or carried out as part of back office activities; as far as possible, they are incorporated in

IT procedure. The operating structures are the primary bodies responsible for the risk management process and must ensure compliance with the adopted procedures and compliance with the established risk tolerance level;

- **risk and compliance controls** (so-called “second-level controls”), which aim to ensure, among other things:
 - the correct implementation of the risk management process;
 - the implementation of activities assigned to them by the risk management process;
 - the observance of the operating limits assigned to the various departments;
 - the compliance of company operations with the regulations.

The departments responsible for these controls are separate from the operating functions; they help define the risk governance policies and the risk management process;

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

7.2 Role of the corporate bodies, the company control functions (Audit, Risk Management and Compliance) and the main bodies and parties involved in the Internal Control and Risk Management System

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 organisational structure and the assignment of duties and responsibilities to the operating units, ensuring appropriate segregation of functions. With support from the Control and Risks 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.

In accordance with 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 in guaranteeing that the administrative body 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: as previously mentioned, the Appointed Director was identified as the Vice Chairman, Pierluigi Stefanini, by the Board of Directors on 5 November 2012. This appointment was later confirmed by Board of Directors resolution of 8 May 2013, valid for the entire term of office of the current Board of Directors, i.e. until the Shareholders’ Meeting called to approve the financial statements at 31 December 2015, in line with the recommendations of the Code, in particular Art. 7 which states that the Board of Directors performs “a role of guidance and assessment of the system’s adequacy” and identifies “from within the Board, one or more Directors appointed to set up and maintain an effective internal control

and risk management system”.

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

- handles the identification of the main company risks, taking account of the characteristics of the activities carried out by the Company and its subsidiaries, periodically subjecting them to review by the Board of Directors;
- implements the guidelines defined 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;
- ensures adaptation of the Internal Control and Risk Management System to changes in the operating conditions and in legal and regulatory measures;
- asks 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 Board of Directors, Chief Executive Officer, Chairman of the Control and Risks Committee and Chairman of the Board of Statutory Auditors;
- promptly informs the Control and Risks Committee (or Board of Directors) and the Chief Executive Officer of any problems and critical issues that emerge from his own activities or of which he has been informed, in order that they may take the appropriate action;
- subject to opinion in favour from the Control and Risks Committee and after consulting the Board of Statutory Auditors, formulates proposals to the Board of Directors regarding the appointment or replacement of the Audit Department Manager.

COMPANY CONTROL FUNCTIONS (AUDIT, RISK MANAGEMENT AND COMPLIANCE)

Pursuant to applicable industry legislation, the Company's organisational structure requires that the Company Control Functions (Audit, Risk Management and Compliance) report directly to the Board of Directors and operate under the coordination of the Appointed Director.

With effect from 15 January 2014, the Risk Management and Compliance Functions report to the Chief Risk Officer Functions (in turn reporting to the Board of Directors). This structure makes it possible, by preserving the characteristics of independence and separateness of the individual control functions, and guaranteeing compliance with the principle of segregation of operating from control areas, to further strengthen the integrated monitoring of the risks to which the Group is exposed in the various areas in which it conducts its business, developing synergies between the second-level control functions so that potential overlaps between control areas are avoided.

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 Internal Control and Risk Management System effectiveness.

In the organisational model for the company control departments, designed in the ICS Directives, in the latest

version approved by the UnipolSai Board of Directors, in addition to conducting their own activities for the Company, the UnipolSai control departments guarantee outsourcing of the service to companies that have signed specific service agreements with UnipolSai and which report to the corresponding departments of the Parent Company.

The previously mentioned new Policy on Satisfaction of Requirements to Hold Office, approved by the Board of Directors on 10 February 2015, also describes the procedure for assessing these requirements in reference to the Managers of control departments and the Chief Risk Officer.

Audit

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

The Audit Manager, Andrea Alessandri, was appointed by the administrative body on 13 November 2012, and his assigned duties were defined and approved by Board of Directors resolution, which also established his powers, responsibilities and reporting methods. He is not responsible for any operating department.

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 Functions 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 2014 plan was approved by the Board of Directors on 20 March 2014 after prior examination by the Control and Risks 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);
- to the extent of its assigned duties, the preparation of reports envisaged in regulations and the performance of related activities;
- compliance verification/audit of the insurance agencies and claims settlement services;
- verification of internal fraud by employees, trustees and persons pertaining to the sales networks;
- cooperation with the Control and Risks Committee, the Independent Statutory Auditors, the Board of Statutory Auditors and the Supervisory Body set up according to Legislative Decree 231/2001.

As part of its 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 performed on outsourced activities.

At the end of each audit task the related report for Top Management and to the parties concerned is prepared. If particularly significant or serious situations are found, these are reported promptly to the Board of Directors, the Board of Statutory Auditors, the Control and Risks Committee and the Internal Appointed Director.

Half-yearly reports on activities performed, summarising all audits undertaken, are also prepared for the Board of Directors, Board of Statutory Auditors, Control and Risks Committee and the Appointed Director.

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

Risk Management

In the Risk Management System, the Risk Management Function is responsible for identifying, measuring, evaluating and monitoring any present and future risks, both at individual and aggregate level, to which the Company is or might be exposed and related interdependencies on an ongoing basis. The entire risk management process is detailed in the aforementioned Group policies and, in particular, in the "Risk Management Policy", the "Current and Forward-looking Risk Assessment Policy" and the "Operational Risk Management Policy".

Among the main duties assigned to the Function by applicable legal regulations and the policies adopted by the Company, please note the following:

- a) supporting the Board of Directors in (i) defining the nature and level of risk that is compatible with the strategic objectives of the Group and (ii) evaluating the adequacy of the organizational, administrative and accounting structure of the Company, especially with regard to the Risk Management System;
- b) supporting the Appointed Director to be submitted to the examination of the Board of Directors taking account of the characteristics of the activities carried out;
- c) helping with defining the Risk Management System. Within said system, the department is

responsible for identifying, evaluating (including measurement activities) and controlling (including reporting activities). In performing these tasks, the Risk Management function also considers the opinion of rating agencies;

- d) helping with identifying and recommending actions required and/or useful to mitigate present or future risk levels that are not in line with the risk objectives defined at company level;
- e) helping with defining and measuring risk tolerance;
- f) helping with defining the operating limits set for the operating structures and defining the procedures to promptly identify them;
- g) validating the information flows required to ensure the prompt verification of risk exposures and the immediate detection of anomalies found in operations;
- h) preparing adequate reports to the managers in charge of operating structures, Top Management and the Board of Directors on any changes in exposures and the risks affecting the company's assets, as well as the related consequences on solvency and the violation of risk tolerance and approved limits;
- i) helping with performing any mandatory stress tests;
- j) verifying the coherence of the models used to measure risk taking account of the company's operations;
- k) helping with defining the methodologies to evaluate financial assets, especially complex assets;
- l) monitoring the implementation of the risk management policy as well as the Company's overall general risk profile;
- m) helping with preparing the ORSA Report;
- n) helping with evaluating the structure and effectiveness of the Risk Management System, reporting any findings and conclusions to Top Management and the Board of Directors, highlighting any deficiencies and suggesting ways to resolve them; in this respect, the Risk Management Department also uses the ORSA process;
- o) helping with defining the evaluation methods used for the quantitative prospective analysis procedures set for the most risky investment activities and, in any case, for the risks deriving from investments in (i) derivative financial instruments, including structured products; (ii) debt securities deriving from securitization transactions; (iii) non-harmonised UCITs, reserved funds and speculative funds;
- p) helping with defining methodologies, tools and techniques for the independent assessment of credit risk.

Compliance

The Compliance Function supports the Board of Directors, the Appointed Director and Top Management in assessing the adequacy and effectiveness of the Compliance System³ by evaluating procedures, processes and the internal organization, and is responsible for identifying, measuring, monitoring and reporting on compliance risk, i.e. the risk of judicial or administrative sanctions, considerable financial losses or reputational damages as a result of violations of mandatory rules (laws, regulations, orders issued by Supervisory Authorities) and self-regulations (e.g. by-laws, ethical codes, self-governance, internal policies and corporate communications).

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

The Compliance Function operates by:

- constantly identifying applicable legal regulations and the evaluation of their impact on company's processes and procedures;
- assessing the adequacy and effectiveness of the measures adopted by the Company to prevent compliance risk, and recommending the implementation of organizational and procedural changes aimed at ensuring such risk is effectively monitored;
- assessing the adequacy of organizational adjustments (i.e. to structures, processes, procedures) deriving from 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 assessing compliance with the regulations that apply to new products, projects/processes, i.e. the company's organization, in relation to the introduction of new legal regulations;
- ex-post activities that are more properly related to the monitoring stage i.e. verifying that company processes comply with legal regulations that is achieved by assessing existing controls and the implementation stage of planned actions.

Financial Reporting Officer: the Manager in charge of financial reporting is responsible for contributing to sound company management, and as such it arranges, in a strategic sector such as the one of correct financial information, adequate organizational measures that guarantee the pursuit of such an objective.

³ Within the broader Internal Control System, it identifies the set of rules and organizational measures arranged to control compliance risks.

The Financial Reporting Officer of the Company is Mr. Maurizio Castellina, responsible for the Administration, Management Control and Operations Department, appointed to his office by the Board of Directors at the meeting of 15 January 2014.

In accordance with the provisions of the By-Laws, the Board appointed him after obtaining the favourable opinion of the Board of Statutory Auditors and verifying that the person concerned possessed the professional requisites established by the By-Laws which state that the Manager in charge of financial reporting 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 relies on the services of his own staff and, if deemed fit, he can request the support of any other structure of the Company and its subsidiaries; in particular, the Audit, Compliance and Organization functions, in collaboration with the control bodies (Supervisory Body, Board of Statutory Auditors) and the Control and Risk Committee. Furthermore, he can rely on the help of the Independent Auditors engaged as regards the exchange of information on the administrative and accounting control system. The Financial Reporting Officer meets the Board of Statutory Auditors at least once a year to share the results of the monitoring activity performed on the control system.

Furthermore, the Financial Reporting Officer has the right to take action vis-à-vis those companies that contribute to the consolidated financial statements in a significant manner, giving – while respecting the independence and prerogatives of these companies – instructions on methods and guidelines to all the departments that may considerably affect the administrative and accounting processes considered relevant for the declarations and statements he is required to make.

The Manager in charge of financial reporting attends, as a guest, the Board of Directors' meetings held to approve the separate and consolidated financial statements as well as other interim reports.

Independent Statutory Auditors

The Company has engaged PricewaterhouseCoopers S.p.A. as independent statutory auditors. They are responsible for the audit of both the separate and consolidated financial statements, as well as for the limited audit review of the summary half-yearly consolidated financial statements. The aforesaid engagement was conferred, for the 2013-2012 nine years' period, by resolution passed at the Shareholders' Meeting of 30 July 2013.

7.3 Main features of the internal control and risk management systems in place in relation to the financial reporting process, including consolidated accounts

In accordance with the new provisions introduced by the Law on Savings in the TUF – Section V – *bis* “Financial Information”, UnipolSai has implemented a control model to support the Financial Reporting Officer in verifying the adequacy and effective application of the administrative procedures regulating accounting and financial information.

The “financial reporting risk model” adopted is based on a process defined in line with the following reference

frameworks, that are generally recognised and accepted at international level:

- I. *CoSo Framework (Internal Control – Integrated Framework* issued by the *Committee of Sponsoring Organizations of the Tradeway Commission*), unanimously recognised as the reference standard for implementing and evaluating internal control systems;
- II. *COBIT (Control Objective for IT and Related Technology)*, chart of *best practices* created by *ISACA (Information Systems Audit and Control Association)* and *ITGI (IT Governance Institute)* that represents the reference standard 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 organization and is monitored through control assessments and related documentation at Group level (*Entity Level Control*);
- risk assessment: risk analysis methods were defined and implemented at process level, through a preliminary *Top Down* analysis (both quantitative and qualitative) that leads to the definition of significant processes (*Scoping*). Therefore, for these processes, the risks of failing to pursue control objectives are identified and analytically examined in terms of reliability, accuracy and speed of financial information;
- control activities: the activities aimed at properly managing and mitigating the risks described above were identified, documented and evaluated;
- information and communication: an evaluation process for the proper management of information flows between the different company's departments and Top Management was implemented to guarantee that all the subjects belonging to the structure carry out their activities in a proper manner. This evaluation is formalised as part of the analysis of the "Control environment" and "Control activities" elements;
- monitoring: the Company has implemented a process to regularly monitor the reliability of the Internal Control System over time.

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

Phase 1 – Definition of the scope of analysis: this is a yearly activity, subsequent to the approval of the financial statements and is structured thus:

- identification of significant companies: the selection is performed by reference to both quantitative criteria (percentage contribution by the single 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 main financial statements items and accounts are identified by defining materiality thresholds.

- main items/accounts are matched with related processes: as regards main accounts, a matrix matching accounts with processes is prepared by identifying the classes of transactions that feed such accounts. This matrix represents the tool to identify the processes that are the subject of subsequent analyses.

Phase 2 – Evaluation of the control environment: every year the documents relating to the controls performed at Company level (*Entity Level Control - ELC*) are updated and the control level of the control objectives is evacuated. This analysis enables to:

- verify the adequacy of the dimensions of the control model that were not directly examined through analyses at process level, of the company's internal information/communication, monitoring processes and risk assessments;
- trace a reference framework of the company context where the Internal Control System operates, thus obtaining useful information to guide the subsequent phases, namely risk/control analyses and tests in the area of 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 Manager in charge of financial reporting and the CEO;
- identify, if the ELCs provide a positive picture, a number of compensating controls to mitigate possible gaps identified in the subsequent control evaluation phase at process level.

Phase 3 – Assessment of risks and of the chart of controls at process level: in the event that processes are revised following organizational changes, the documents relating to risk and controls associated with financial information are updated. These documents are implemented by arranging Risk and Control Matrices (*Risk & Control Analysis - RCA*) for each process identified as relevant in Phase 1 "Definition of the scope of analysis". In particular, the *Risk & Control Analysis* entails the following steps:

- definition of risks by identifying and describing the type of risk;
- identification of the control objectives associated with the risk and indication of the *financial assertions* of financial statements affected;
- evaluation of controls by:
 - describing the control activities that monitor the control objective and the risk factor identified;
 - identifying the type of control;
 - evaluating the adequacy and effectiveness of control activities, in terms of risk mitigation, based on the elements found;
 - evaluating/verifying existence of the control;
 - expressing an overall opinion through the correlation existing between the effectiveness of the control and the presence of the related *check evidence*;
- the improvements found on the control in terms of enhancement in the chart of controls and/or its

documented evidence.

Phase 4 – Verification of the actual application of controls at process level: The objective of this phase, carried out twice a year, on the occasion of the yearly financial statements and the summary consolidated half-yearly financial statements, is to monitor the effectiveness of the internal control system over time hence evaluate its reliability.

The test on the effectiveness of controls consists in verifying the actual performance of all manual “key controls” by the concerned structure, as well as the methods whereby the controls are performed by the organizational units involved.

The test phase entails the following activities:

- definition of the sample to be tested for the key controls identified;
- performance of the tests according to three different modalities, i.e. Observation, Analysis of evidence, Re-performance of the control activity;
- assigning a weight by reference to the critical issues identified and related assessment.

The number of samples selected takes account of the nature of the controls to be tested, i.e. the types of controls (automated or manual) and the frequency.

At the end of the test phase, once the degree of reliability found has been assessed and formalised, further corrective actions can be identified to improve the effectiveness of the control system.

Phase 5 – Issuing of the Statements pursuant to Art 154-bis of the TUF: before issuing the statements attached to the yearly financial statements and the separate half-yearly report, the yearly consolidated financial statements and the summary half-yearly consolidated financial statements of the Company, a Report on the Internal Control Systems is drawn up in accordance with the Law on Savings, 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 transmits that Report to the Chairman, the CEO, the Chairman of the Board of Statutory Auditors, the Chairman of the Control and Risk Committee, the Audit Manager and, for information, the Independent Auditors.

The Board of Directors, at the meeting of 19 March 2015, examined the contents of the Report drawn up by reference to 31 December 2014.

Based on the aforesaid Report and the verification of data performed by the administrative structures, the CEO and the Manager in charge of financial reporting prepare the Statements pursuant to Art. 154-bis of the TUF.

In the case of Statements relating to communications to the market that contain relevant accounting figures, the Financial Reporting Officer carries out verifications and only afterwards issues the Statement declaring that the figures agrees with the accounting books and records.

7.4 The Organization, Management and Control Model

On 6 August 2014, the Board of Directors, upon proposal by the Supervisory Body, approved the revised

and updated version of the Organization, Management and Control Model (the “Model” or “MOG”), adopted pursuant to Law Decree no. 231 of 8 June 2001 dealing with 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”).

Following a detailed analysis of company processes and operations, UnipolSai has identified the risk areas of its model that can be traced back to the following categories of offences, that are relevant pursuant to Decree 231:

1. offences in relationships entertained with the Public Administration;
2. corporate offences;
3. administrative crimes and offences of abuse of privileged information, market rigging and market manipulation;
4. crimes of receiving stolen goods and money laundering and crimes with the main aim of terrorism or subversion of democratic order;
5. cyber crimes and unlawful data processing;
6. crimes of manslaughter and very serious personal injury committed in violation of the regulations on Health & Safety in the workplace;
7. crimes of counterfeiting money;
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 with irregular work permit;
13. incitement to not make statements or making false statements to legal authorities.

The adoption by UnipolSai of a new Model is part of a broader project aimed at aligning and homogenizing company procedures and regulations within the Unipol Group. This project was launched after the integration of the former Fondiaria-SAI Group and represents the preliminary step of the revision of the Models adopted in due course by the other companies of the Unipol Group, for the aforementioned purposes of alignment and uniformity and according to the same methodological approaches.

The General Part of the Model is available for perusal in the Corporate Governance section of the Company’s website.

As part of its supervisory and control activity, the Supervisory Body (“SB” or the “Body”), in 2014 continued to:

- verify the effectiveness and implementation of the control procedures envisaged by the Model

currently in place;

- perform verifications on the company's activity to update the map of sensitive activities;
- collect, process and store information that is relevant to the Model, as well as update the list of information that must be transmitted or held available for the Body;
- carry out verifications aimed at specific transactions or deeds entered into by the Company, especially as regards sensitive activities;
- liaise with other company departments to better monitor the activities in relation to the procedures set in the Model;
- arrange and perform internal investigations, liaising each time with the company departments concerned to obtain further investigating cues.

The SB has five members: (i) the three members of the Control and Risk Committee (independent non-executive directors) (ii) the Audit Manager and (iii) the Compliance Manager. The SB was appointed by the Board of Directors at the meeting held on 13 November 2012 and subsequently integrated to take account of the changes made over time. The term of office of the SB is the same as that of the Board of Directors.

The aforesaid composition of the SB was deemed as the most efficient and adequate to the performance of its duties as prescribed by Decree 231 for such body.

The composition of the Body is shown in Table 4 attached.

8. INTERCOMPANY AND RELATED-PARTY TRANSACTIONS AND DIRECTORS' INTERESTS

The Related-Party Procedure, 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 "Regulation") and subsequently modified on 23 December 2011, has been fully revised as part of the broader process aimed at the alignment and uniformity of the company procedures and rules within the Unipol Group following the integration of the former Fondiaria-SAI Group.

The new Related-party Procedure was approved by the Board of Directors on 15 May 2014, subject to the favourable opinion of the Independent Directors' Committee appointed for the purpose; it became effective on 1 June 2014 and is available for consultation in the Governance section of the Company's website www.unipolsai.com.

The Related-Party Procedure aims at defining the rules, methods and principles for ensuring the transparency as well as substantive and procedural fairness of transactions with the related parties of the Company, either directly or through subsidiaries. In particular, the Related-Party Procedure:

- defines 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 by reference to the criteria set out in the Regulations, also extending the definition of Related Party to additional subjects compared to those specified in the list contained in IAS 24;

- defines 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;
- defines 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:
- defines the examination and decision-making process applied to transactions and identifies the rules to follow where the Company approves 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 Regulations, provides that the approval of Related-Party Transactions is subject to the opinion of the Related-Party Transactions Committee which must be expressed beforehand, as described earlier on, and specify that entering into such transactions is in the Company’s interest and that the related terms and conditions are correct and represent good value for money.

The rules governing Transactions are different, from the procedural point of view and in terms of transparency, depending on the value of the transactions, which are therefore broken down into (i) “Transactions of major relevance” which are classed as such by reference to the thresholds (no changes allowed) set out in the Regulations and which are subject to more stringent rules and (ii) “Transactions of minor relevance” that instead benefit from a less strict set of rules.

The Transactions of major relevance must be approved by the Board of Directors subject to the favourable and well-grounded opinion of the Committee for Related-Party Transactions. The Related-Party Procedure also regulates the case where such a Committee should express a negative opinion on the Transaction.

As regards the identification of Transactions of minor relevance, the Procedure establishes specific relevance thresholds, whilst, as regards the approval process - in the case of a negative opinion of the Committee for Related-Party Transactions -, the decision rests with the Board of Directors, whereas, in the case of a favourable opinion of the Committee, the decision is made by the competent company department based on its vested powers.

As regards the Transactions entered into by subsidiaries - considering the presence of two listed companies along the investment chain of the Unipol Group, each of which must comply with the same rules - the operations of the subsidiaries of UGF and UnipolSai were regulated in a coordinated manner to avoid, where possible, the duplication of procedures.

Finally, the Related-Party Procedure defines the replacement mechanisms (equivalent controls) in the case where one or several members of the Committee are related, providing that, in the event all the members are related, the opinion be expressed by the Board of Statutory Auditors, or, if the aforesaid controls cannot be applied, by an independent expert identified by the Board of Directors.

As regards the identification of the subjects classified as “related parties”, by letter dated 13 December 2012, ISVAP requested - until a new order is issued by the Authority- that the Company’s procedures adopted to

implement the legal regulation currently governing intercompany transactions and related-party transactions be extended to any transaction carried out with subjects (physical and legal persons) that qualify as related parties at 19 July 2012, in which UGF has acquired control of Premafin, hence indirectly of FONDIARIA-SAI (now UnipolSai). Therefore, these subjects are currently included in the list of the so-called “former related parties”.

Finally, on 10 February 2015, the Board of Directors of UnipolSai also approved the “Guidelines for intercompany transactions” for the 2015 financial year, pursuant to ISVAP Regulation no. 25 of 27 May 2008 (“ISVAP Regulation”), which establishes that insurance companies pass, every year and (within February of each year), a resolution that sets general guidelines for intercompany transactions and explains how these transactions should be performed in the financial year in question.

Not only do these Guidelines identify the types of transactions and the intra-group parties considered relevant by ISVAP Regulation, but they also identify transactions that require prior disclosure to IVASS based on relevance parameters predetermined by the same Regulation:

- they are broken down by reference to the different types and features of intercompany transactions;
- they underline, in depth, the criteria to verify the reasonableness of the price of the different types of transactions envisaged;
- they contain operational thresholds that are in line with the features of the different categories of transactions and counterparties;
- they identify transactions that require prior disclosure to IVASS based on relevance parameters predetermined by the same ISVAP Regulation, defining also, for such transactions, specific concentration thresholds by counterparty;
- they regulate the management of the transactions referred to above and those that cause the operational limits set for the year to be exceeded.

9. INTERNAL DEALING

The Company has adopted a procedure to communicate transactions in own shares or other financial instruments related to them (the “Internal Dealing Procedure”).

The Internal Dealing Procedure in place was approved by the Board of Directors at its meeting of 13 February 2014, to take account of i) the fact that the company belongs to the Unipol Group, ii) the Merger, as well as iii) the new organizational structure of the Company, resolved upon by the Board of Directors – as already mentioned earlier on – at the meeting of 15 January 2014.

The Internal Dealing Procedure – which defines the rules to be followed by the relevant subjects of UnipolSai to fulfil the requirements on information disclosure to CONSOB and the market on the purchase, sale, subscription or exchange of UnipolSai shares, or financial instruments related to such shares carried out by the subjects referred to above also through nominees – implements the provisions set out in Articles 114, paragraph 7 of the TUF and 152-*sexies* and ff. of the Issuers’ Regulation. It guarantees adequate

transparency and homogeneity of information on transactions carried out by (the so-called “Relevant Subjects”, as defined and identified therein) that actively take part to decision-making processes or who have, anyway, considerable knowledge of the company’s strategies, considering the functions performed within the Company or one of its Main Subsidiaries (as defined and identified therein), or the fact that they are shareholders owning either a significant or a controlling stake in UnipolSai.

The Internal Dealing Procedure – that is irrespective of the fact that the relevant Subjects hold privileged information and use it illegally (which amounts to an offence known as insider trading) – therefore represents a tool to pursue adequate information transparency towards investors as regards the outlook of the Company and its Group.

The set of rules provided in the Internal Dealing Procedure also include:

- (i) the criteria to identify the Company's Managers that, as Managers having regular access to privileged information and the power to take management decisions that may affect the outlook of the Company, are classed by the latter as “Relevant Subjects” and, therefore, are obliged to make the communications prescribed by Art. 144, paragraph 7 of the TUF;
- (ii) the methods whereby the Relevant Subjects comply with the disclosure requirements to CONSOB and the Company on Relevant Transactions, in accordance with the provisions of Art. 152-*octies*, paragraphs 1 and 2 of the Issuers’ Regulation;
- (iii) the regulation of the terms applied to the Relevant Subjects to engage - pursuant to letters (c. 1), (c. 2) and (c. 3) of Art. 152-*sexies* of the Issuers’ Regulation (the members of the administration and control bodies, the subjects that carry out direction activities and the managers identified as Relevant Subjects, of the Company and its Main Subsidiaries) – the Company to the effect that the latter makes, on their behalf, the communications to CONSOB of relevant transactions carried out by the subjects, pursuant to the provisions of Art. 152-*octies*, paragraph 6 of the Issuers’ Regulation.

In order to guarantee the conditions that allow the Company to make the disclosures associated with the aforesaid engagement in a prompt and accurate manner, the Internal Dealing Procedure provides, as a departure from the above rules, that the Relevant Subjects engaging the Company as referred to in point (iii) above undertake to inform the competent company function, of all relevant transactions, of any amount, also lower than the relevant amount set out in the reference rules, carried out by them and/or the people closely related to them, within 3 trading days of the date when they were performed.

In order to avoid potential conflict of interest and to safeguard the Company and the Group, the Relevant Subjects are prohibited from trading in financial instruments issued by UnipolSai and its Subsidiaries listed in the 7 days preceding the meetings of the Boards of Directors of the Company or of its Main Subsidiaries convened to examine and approve the accounting figures, the budgets and forecasts (the so-called blocking period).

Finally, the Internal Dealing Procedure provides that, considering the fact that the Parent Company is, in its turn, a listed issuer, any communication to the market, as well as any compliance requirement set out in the same Procedure, will be subject to coordination by UGF and UnipolSai itself, so as to avoid duplications

every time compliance and communication activities concern Subjects that can be classed as Relevant in both UGF and UnipolSai.

The Procedure can be examined in the Governance section of the Company's website www.unipolsai.com.

10. PROCESSING OF PRIVILEGED INFORMATION

On 6 August 2014, the Board of Directors of the Company approved the "Procedure for the management and communication of privileged information" of UnipolSai, containing the methods for keeping and updating the register of the people that have access, either permanently or occasionally, to relevant information of the Company or third parties, as well as the methods to communicate the same privileged information to the public.

This Procedure was amended – compared to the previous one approved by the management body of FONDIARIA-SAI – in order to harmonise the principles and logics underlying the rules that regulate the management and communication of privileged information within the Unipol Group.

The Procedure in question regulates the following processes:

- (i) "Management of Privileged Information", by defining:
 - criteria, roles and liabilities to identify Privileged Information;
 - methods to manage and keep the register of people that, due to their work or professional activity or the functions performed, may have access, either permanently or occasionally, to privileged information (the "Register");
 - measures that guarantee the traceability of Privileged Information;
 - methods for the internal circulation of Privileged Information and rules to safeguard confidentiality;
- (ii) "Communication of Privileged Information", by defining the methods, roles and liabilities associated with:
 - the communication of Privileged Information;
 - the communication of accounting statements and forecasts;
 - the relationships with the financial community and the media;
- (iii) the rules of conduct for Subsidiaries, implementing the decisions taken by the Company, aimed at ensuring that the disclosure requirements that the Company must comply with are fulfilled.

Given that, pursuant to Art. 115 *bis* of the TUF, not only listed issuers, but also any subjects controlled by them as well as anyone acting in their name or on their behalf are required to have such Register and keep it updated, on the assumption that not all Subsidiaries can, in performing their ordinary activity, generate events or set of circumstances that can directly affect the price of the listed securities of the parent company, it was decided – also taking account of best practices – that the obligation to keep the aforesaid register should only apply to relevant subsidiaries, i.e. those identified as such by reference to qualitative and

quantitative criteria. All the other companies controlled by UnipolSai are, in any case, required to ensure compliance with the Procedure hence with the rules relating to the entries in the Register if the Privileged Information is generated in-house.

In line with best practices, in order to closely monitor the objectives safeguarded by the regulations in question, any information at its initial stage is considered by the Procedure as “potentially privileged”.

11. THE BOARD OF STATUTORY AUDITORS

Number of meetings held in the Financial year: 23

Average duration of meetings: 2 hours and 25 minutes

Average attendance: 96%

Number of meetings already held in 2015: 4

Average attendance by the Board of Statutory Auditors to the meetings of the Control and Risk Committee: at least one member of the Board of Statutory Auditors attended, in 100% of the cases, the meetings of the Control and Risk Committee.

11.1 Role and responsibilities

Pursuant to Law Decree no. 39 of 27 January 2010 dealing with legal audits of financial statements and consolidated accounts (that, as is known, has profoundly innovated the rules governing the supervisory functions falling under the responsibility of the control body of public interest entities), besides supervising compliance with legal regulations, By-Laws and principles of sound management, the Board of Statutory Auditors is also responsible for:

- the adequacy and the proper operation of the organizational, administrative and accounting system;
- the financial reporting process;
- the effectiveness of the internal control system, internal audit and risk management system;
- the statutory audit of the financial statements and the formulation to the Shareholders' Meeting of the proposals made with regard to the statutory audit engagement;
- the independence of the statutory auditors, especially with regard to the provision of non-audit services to the Company.

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 that upon presenting them are entitled to vote at the related Shareholders' Meetings.

The lists – comprising two sections, one for the candidates for the office of Standing Auditor, the other for the candidates for the office of Alternate Auditor – must contain a number of candidates not exceeding the number of members to be elected (max. three names in each section) that must 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).

Each candidate can be in one list only 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: at the date of this Report, said stake, determined by CONSOB, by resolution no. 19109 of 28 January 2015, is equal to 1% of the ordinary share capital.

Those submitting a "minority list" are also recipients of the recommendations formulated by CONSOB by communication no. DEM/9017893 of 26 February 2009.

The lists are submitted along with exhaustive information on the personal and professional characteristics of the candidates, a statement to the effect that there are no grounds of ineligibility and incompatibility as well as of the existence of the requisites prescribed for such offices, including compliance with the limits on the number of cumulative offices prescribed by currently applicable legal 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 Statutory Auditors takes place as follows:

1. two Standing Auditors and one Alternate Auditor are taken from the list that, at the Shareholders' Meeting obtained the highest number of votes, and based on their sequential number in the list;
2. the remaining Standing Auditor and the remaining Alternate Auditor are taken from the second list receiving the highest number 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 those include in the list that obtains the relative majority of the votes.

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

In the event that a Statutory Auditor needs to be replaced, the Alternate Auditor from the same list of the outgoing one takes over. Failing this, in the event that the minority Statutory Auditor terminates his office, the candidate immediately following the outgoing one in the same list will take over or else, the first candidate of the list ranking third in terms of votes; 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 Law Decree 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 Standing Auditors, taking account of the fact that UnipolSai controls companies operating in the credit, insurance and financial markets.

11.3 Composition and operation

The Shareholders' Meeting of 24 April 2012 appointed, on the basis of the two lists presented by the Shareholders – of which one jointly presented by Premafin HP and UniCredit S.p.A. as shareholders supporting the Shareholders' Agreement of 8 July 2011, terminated on 9 July 2012, and the other by Arepo PR S.p.A., holder of 3.011% of the ordinary share capital of the Company – the Board of Statutory Auditors currently in office, comprising three Standing Auditors and three Alternate Auditors, conferring upon the same a three-year mandate and, therefore, until the Shareholders' Meeting approving the 2014 financial statements.

Following the resignations tendered by the Standing Auditor Mr. Antonino D'Ambrosio on 3 December 2013, pursuant to the law and the By-laws, the Alternate Auditor Mr. Sergio Lamonica took over the office having been drawn from the same majority list of the outgoing auditor. Mr. Lamonica was subsequently appointed by the Shareholders' Meeting held on 29 April 2014 and will remain in office until the end of the mandate of the Board of Statutory Auditors, i.e. until the Shareholders' Meeting approving the financial statements at 31 December 2014.

The composition of the Board of Statutory Auditors is shown in Table no. 5 attached. As regards the curricula of the standing auditors of the control body, we inform that said information is available on the Company's website www.unipolsai.it.

All the Statutory Auditors are enrolled with the Register of legal auditors and auditing companies and possess all the requisites prescribed by currently applicable legal regulations and the By-Laws.

At the meeting of 13 February 2014 the Board of Statutory Auditors carried out a self-evaluation of its composition and verified the existence of the independence requisites of its members that are prescribed by the Self-regulation Code for Directors, finding that the composition was adequate and that the members had the requisites required.

The evaluation concerning the existence of the independence requisites of the Statutory Auditors was performed by the Board of Directors at the meeting held on 15 May 2014, which also evaluated that the members of the control body had the independence requisites prescribed by Art. 148, paragraph 3 of the TUF, in accordance with the provisions of Art. 144-*novies* of the Issuers' Regulation, as amended by CONSOB Resolution no. 17326 of 13 May 2010.

The By-Laws in force do not provide for any limits on cumulative offices besides those provided in Art. 144-*terdecies* of the Issuers' Regulation.

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

The Statutory Auditors who, on their behalf or on behalf of third parties, have an interest in a specific transaction of the Company will promptly and exhaustively inform the other Statutory Auditors and the Chairman of the Board of Directors on the nature, terms, origin and extent of their interest. In 2014 no situations arose in respect of which the members of the Board of Statutory Auditors had to file such reports.

On average, the Statutory Auditors attended the meetings of the Board of Directors held in 2014 92% of the time.

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

The Board did not avail 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, also through exchanges and interviews with the aforementioned Audit Functions– as part of its supervisory duties – was satisfactory,

As a rule, in 2014 the Board of Statutory Auditors has attended, as guest, the meetings of the Control and Risk Committee, obtaining adequate information to coordinate the activities of the Board with those carried out by the aforesaid Committee.

12. THE SHAREHOLDERS' MEETING

12.1 The Shareholders' Meeting

The Shareholders' Meeting, duly constituted, is the body which expresses the Company's will through its resolutions; the resolutions passed in accordance with the law and the By-Laws are binding on all shareholders, including absent or dissenting ones.

The Board of Directors considers the Shareholders' Meeting, despite the wide variety of methods to communicate with the Shareholders, an important moment for a fruitful dialogue between Directors and Shareholders, yet in accordance with the regulations on the so-called *price sensitive* information.

Pursuant to the By-Laws, as allowed by currently applicable legal regulations, the Ordinary and Extraordinary Shareholders' Meetings are convened on a single call, applying the setting and voting quorums prescribed by legal regulations, without prejudice to the possibility that in the notice of call there can also be following 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, failing this, the Deputy Chairman, or, failing this, by a Director, or, failing this, by a person elected by the majority of the share capital represented.

Based on the By-Laws, the Board of Directors can provide, in relation to the single meetings and in accordance with currently applicable legal regulations governing the matter, for the right to speak and vote at meetings to take place using remote communication means, including electronic ones, subject to the existence of the requisites required to identify the legitimate subjects and to protect the security of

communications. In this case, the notice of call must specify, also by reference to the Company's websites, the methods to participate in the activity of shareholders' meetings.

During the Shareholders' Meetings, each shareholder entitled to vote can take the floor on any of the items on the agenda, make comments and formulate proposals. Those who intend to act must ask the Chairman who is responsible for regulating the conduct of the debate, giving the floor to those who requested it, in chronological order of request, that is, according to the alphabetical order of applicants' surnames, in the case of simultaneously submitted applications.

For each Shareholders' Meeting, the Company identifies a representative to act as proxy for the Shareholders with instructions to vote on all or some of the proposals included in the items on the agenda; the identity of the representative as well as the modalities and terms for conferring the mandates are indicated in the notice of call of the Shareholders' Meeting.

The Board of Directors ensures adequate information to the Shareholders making available to the public the Reports illustrating the proposals for the resolutions to be passed at the Shareholders' Meetings in the terms and modalities prescribed by the law.

Attendance by directors and the meetings of the Board of Directors appears to have been constant.

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 Ordinary and Extraordinary Shareholders' Meetings, unless the latter does not adopt different modalities each time.

12.2 Special Meetings of Savings Shareholders

At the date of the Report, given the resolutions passed by the Special Meetings of Class A Savings Shareholders at the meeting held on 3 July 2012, the Joint representative of the Class A Savings Shareholders is Mr. Dario Trevisan ("Representative A").

Representative A received € 35,000 gross annual fees and was reimbursed for the expenses incurred in the performance of his duties.

Pursuant to Art. 146 of the TUF, a Fund was set aside for Class A Shares for the expenses required to safeguard joint interests, set at € 500,000 by the Special Meeting of Savings Shareholders of 13 April 2012.

At the date of this Report, given the resolutions passed by the Special Meetings of Class B Savings Shareholders at the meeting held on 29 October 2012, the Joint representative of the Class B Savings Shareholders is Mr. Giuseppe Dolcetti ("Representative B").

Representative B received € 35,000 gross annual fees and was reimbursed for the expenses incurred in the performance of his duties.

Pursuant to Art. 146 of the TUF, a Fund was set aside for Class B Shares for the expenses required to safeguard joint interests, set at € 50,000 by the Special Meeting of Savings Shareholders of 29 October 2012.

13. RELATIONSHIPS WITH THE SHAREHOLDERS

By tradition, the Company pays particular attention to the relationships with its shareholders, keeping constant dialogue with the market, in accordance with 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 *Investor Relations* and *Governance* sections of its website (www.unipolsai.com); all of this to provide the Shareholders and the market with adequate and comprehensible information.

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

The relationships with investors and financial analysts are entertained by the "Investor Relations" Manager that operates within the Strategic Planning and Investor Relations Department (tel. +39 051 5077933 - e-mail: investor.relations@unipolsai.it or in the Investor Relations" section of the Company's website under "Contacts").

Bologna, 19 March 2015

The Board of Directors

ATTACHMENTS TO THE REPORT

TABLE No. 1 – Board of Directors

Name	Office held	Date of birth	Date of first appointment	In office since (date of last appointment)	In office until	M/m List ⁽¹⁾	Exec.	Non-Exec.	Independ. as per Code ⁽²⁾	Independ. as per TUF ⁽³⁾	% BoD ⁽⁴⁾	Number of BoD meetings attended	Other assignments ⁽⁵⁾
Fabio Cerchiai	Chairman	14/02/1944	30/10/2012	29/04/2013	31/12/2015	M		x			100%	12/12	6
Pierluigi Stefanini	Vice-Chairman	28/06/1953	30/10/2012	29/04/2013	31/12/2015	M	x				100%	12/12	4
Carlo Cimbri	Chief Executive Officer	31/05/1965	30/10/2012	29/04/2013	31/12/2015	M	x				92%	11/12	2
Francesco Berardini	Director	11/07/1947	30/10/2012	29/04/2013	31/12/2015	M		x	(a)		100%	12/12	5
Milva Carletti	Director	12/01/1963	29/04/2013	29/04/2013	31/12/2015	M		x	x	x	75%	9/12	0
Paolo Cattabiani	Director	11/07/1958	20/03/2014	29/04/2013	31/12/2015	(*)		x	(a)		50%	4/8	4
Lorenzo Cottignoli	Director	13/05/1953	29/04/2013	29/04/2013	31/12/2015	M		x	(a)		100%	12/12	6
Ernesto Dalle Rive	Director	02/12/1960	30/10/2012	29/04/2013	31/12/2015	M		x	(a)		83%	10/12	4
Ethel Frasinetti	Director	05/10/1977	30/10/2012	29/04/2013	31/12/2015	M		x	x	x	67%	8/12	0
Giorgio Ghiglieno	Director	12/10/1955	29/04/2013	29/04/2013	31/12/2015	m		x	x	x	100%	12/12	0
Massimo Masotti	Director	07/02/1962	29/04/2013	29/04/2013	31/12/2015	M		x	x	x	100%	12/12	0



Maria Rosaria Maugeri	Director	20/02/1965	29/04/2013	29/04/2013	31/12/2015	M	x	x	x	100%	12/12	0
Maria Lilla Montagnani	Director	03/04/1971	30/10/2012	29/04/2013	31/12/2015	M	x	x	x	100%	12/12	0
Nicla Picchi	Director	12/07/1960	30/10/2012	29/04/2013	31/12/2015	M	x	x	x	100%	12/12	2
Giuseppe Recchi	Director	20/01/1964	13/11/2014	13/11/2014	31/12/2015	(**)	x	x	x	50%	1/2	2
Barbara Tadolini	Director	20/03/1960	29/04/2013	29/04/2013	31/12/2015	M	x	x	x	83%	10/12	2
Francesco Vella	Director	05/02/1958	29/04/2013	29/04/2013	31/12/2015	M	x	x	x	100%	12/12	2
Mario Zucchelli	Director	23/01/1946	29/04/2013	29/04/2013	31/12/2015	M	x	(a)		83%	10/12	4

Directors whose office ended during the Financial year:

Name	Office held	Date of birth	Date of first appointment	In office since	In office until	M/m List ⁽¹⁾	Exec.	Non-Exec.	Independ. as per Code ⁽²⁾	Independ. as per TUF ⁽³⁾	% BoD ⁽⁴⁾	Number of BoD meetings attended
Vanes Galanti	Director	15/11/1949	30/10/2012	29/04/2013	13/11/2014	M		x	(a)		80%	8/10
Marco Pedroni	Director	14/02/1959	30/10/2012	29/04/2013	20/03/2014	M		x	(a)		0%	0/4

Directors appointed subsequently to the end of the Financial year:

Name	Office held	Date of birth	Date of first appointment	In office since	In office until	M/m List ⁽¹⁾	Exec.	Non-Exec.	Independ. as per Code ⁽²⁾	Independ. as per TUF ⁽³⁾	% BoD ⁽⁴⁾	Number of BoD meetings attended
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Cristina De Benetti	Director	29/04/1966	10/02/2015	10/02/2015	Next Sharehol. Meeting	(***)	x		x	x	--
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Directors whose office ended after the end of the Financial year:

Name	Office held	Date of birth	Date of first appointment	In office since	In office until	M/m List ⁽¹⁾	Exec.	Non-Exec.	Independ. as per Code ⁽²⁾	Independ. as per TUF ⁽³⁾	% BoD ⁽⁴⁾	Number of BoD meetings attended
Maria Antonietta Pasquariello	Director	29/08/1954	10/02/2015	29/04/2013	10/02/2015	--		x	x	x	92%	11/12

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

For the Directors who were co-opted by the Board of Directors during the period or subsequently to the end of the period, see the following:

^(*) Director co-opted by the Board of Directors on 20 March 2014 and confirmed by the Shareholders' Meeting of 30 April 2014

^(*) Director co-opted by the Board of Directors on 13 November 2014 and confirmed by the Shareholders' Meeting of 25 January 2015

^(***) Director co-opted by the Board of Directors on 10 February 2015

⁽²⁾ Indicates if the Director was identified by the Board of Directors as an independent member of the Board, according to the criteria set forth in the Governance Code.

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

⁽⁴⁾ Indicates the attendance, in percentage, of the Director to 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).

⁽⁵⁾ 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 – since he/she holds offices in the corporate bodies of the directly controlling Parent Company, Unipol Gruppo Finanziario S.p.A. and/or of the indirectly controlling Parent Company Finsoe S.p.A. (see Paragraph 3.4 Section II).

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

As regards the provisions set forth in the Code, 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
Fabio Cerchiai	Chairman	Chairman of Arca Assicurazioni S.p.A. (*) Chairman of Arca Vita S.p.A. (*) Chairman of SIAT Società Italiana Assicurazioni e Riassicurazioni S.p.A. (*) Chairman of Atlantia S.p.A. Chairman of Cerved Information Solutions S.p.A. Chairman of Autostrade per l'Italia S.p.A.
Pierluigi Stefanini	Chairman	Director of Finsoe S.p.A. Chairman of Unipol Gruppo Finanziario S.p.A. (*) Director of Unipol Banca S.p.A. (*) Member of the Supervisory Board of Manutencoop Facility Management S.p.A.
Carlo Cimbro	Chief Executive Officer	Chief Executive Officer and General Manager of Unipol Gruppo Finanziario S.p.A. (*) Director of Unipol Banca S.p.A. (*)

Francesco Berardini	Director	<p>Director of Finsoe S.p.A.</p> <p>Director of Unipol Gruppo Finanziario S.p.A.^(*)</p> <p>Director of Coop Consorzio Nord Ovest S.c a r.l.</p> <p>Chairman of Coop Liguria Società Cooperativa di Consumo</p> <p>Vice-Chairman of SIAT Società Italiana Assicurazioni e Riassicurazioni S.p.A.^(*)</p>
Milva Carletti	Director	--
Paolo Cattabiani	Director	<p>Director of Finsoe S.p.A.</p> <p>Director of Centrale Adriatica Soc. Coop.</p> <p>Chairman of Coop Consumatori NordEst Soc. Coop.</p> <p>Director of Unipol Gruppo Finanziario S.p.A.^(*)</p>
Lorenzo Cottignoli	Director	<p>Director of Finsoe S.p.A.</p> <p>Director of Assicoop Firenze S.p.A.</p> <p>Director of Assicoop Siena S.p.A.</p> <p>Chairman of Assicoop Romagna Futura S.r.l.</p> <p>Statutory Auditor of Cefla Soc. Coop.</p> <p>Chairman of Integra Broker S.r.l.</p>
Ernesto Dalle Rive	Director	<p>Director of Finsoe S.p.A.</p> <p>Director of Unipol Gruppo Finanziario S.p.A.^(*)</p> <p>Chairman, CEO and General Manager of Nova Coop Soc. Coop.</p> <p>Director of Coop Consorzio Nord Ovest S.c a r.l.</p>
Cristina De Benetti	Director	--
Ethel Frasinetti	Director	--

Giorgio Ghiglieno	Director	--
Massimo Masotti	Director	--
Maria Rosaria Maugeri	Director	--
Maria Lillà Montagnani	Director	--
Nicla Picchi	Director	Director of Sabaf S.p.A. Director of Saipem S.p.A.
Giuseppe Recchi	Director	Director of Exor S.p.A. Chairman of Telecom Italia S.p.A.
Barbara Tadolini	Director	Statutory Auditor of Luxottica Group S.p.A. Statutory Auditor of Salmoiraghi & Viganò S.p.A.
Francesco Vella	Director	Chairman of the Board of Statutory Auditors of Luxottica Group S.p.A. Director of Unipol Banca S.p.A. ^(*)
Mario Zucchelli	Director	Director of Finsoe S.p.A. Director of Unipol Gruppo Finanziario S.p.A. ^(*) Chairman of Coop Estense Soc. Coop. Director of Centrale Adriatica Soc. Coop.

TABLE No. 3 – Board Committees

	Members	Office held	Independent	% Holding	Number of meetings attended
EXECUTIVE COMMITTEE	Fabio Cerchiai	Member		100%	2/2
	Pierluigi Stefanini	Member		100%	2/2
	Carlo Cimbri	Member		100%	2/2
	Nicla Picchi ^(*)	Member	X	100%	2/2
	Francesco Vella ^(*)	Member	X	100%	2/2
	Members	Office held	Independent	% Holding	Number of meetings attended
NOMINATION AND CORPORATE GOVERNANCE	Francesco Vella	Chairman	X	100%	2/2

Massimo Masotti	Member	X	100%	2/2
Maria Lillà Montagnani	Member	X	100%	2/2

	Members	Office held	Independent	% Holding	Number of meetings attended
REMUNERATION COMMITTEE	Francesco Vella	Chairman	X	100%	4/4
	Maria Rosaria Maugeri	Member	X	100%	4/4
	Giorgio Ghiglieno	Member	X	100%	4/4
	Members	Office held	Independent	% Holding	Number of meetings attended
CONTROL AND RISK COMMITTEE	Massimo Masotti	Chairman	X	100%	10/10

Maria Lilla Montagnani	Member	X	90%	9/10
Nicla Picchi	Member	X	100%	10/10

	Members	Office held	Independent	% Holding	Number of meetings attended
INDEPENDENT AND NON-RELATED DIRECTORS COMMITTEE	Nicla Picchi	Chairman	X	100%	2/2
	Massimo Masotti	Member	X	100%	2/2
	Francesco Vella	Member	X	100%	2/2
	Members	Office held	Independent	% Holding	Number of meetings attended
RELATED PARTIES TRANSACTIONS COMMITTEE	Massimo Masotti	Chairman	X	100%	7/7
	Giorgio Ghiglieno	Member	X	100%	7/7
	Nicla Picchi	Member	X	100%	7/7
	Francesco Vella	Member	X	86%	6/7

(*) appointed on 20 March 2014

TABLE No. 4 – **Supervisory Board**

Members	Office held	Member in	Member in	Independent	%
		office since	office until		Holding
					(4)
Massimo Masotti	(1) Chairman	08/05/2013		X	100%
Andrea Alessandri	(2) Member	13/11/2012			100%
Vittorio Corsano	(3) Member	15/05/2014			100%
Mario Vidale	(3) Member	13/11/2012	15/05/2014		100%
Maria Lillà Montagnani	(1) Member	08/05/2013		X	75%
Nicla Picchi (5)	(1) Member	13/11/2012		X	100%

(1) Members of the Control and Risk Committee

(2) Manager of the Audit function

(3) Manager of the Compliance function

In calculating the percentage, the number of meetings attended by the individual member of the Supervisory Body, compared with the total numbers of meetings held during the period or during the duration of office, was taken into consideration

TABLE No. 5 – Board of Statutory Auditors

Name	Office held	Date of birth	Date of first appointment	In office since	In office until	M/m List ⁽¹⁾	Indep. as per Code	% Shareholders' Meeting ⁽²⁾	% BoD ⁽³⁾	Number of the BoD meetings attended	% Board of S.A. ⁽⁴⁾	Number of Board of S.A. meetings attended	Other assignments ⁽⁵⁾
Giuseppe Angiolini	Chairman	18/06/1939	24/04/2012	24/04/2012	31/12/2014	m	x	100%	83%	10/12	100%	23/23	4
Sergio Lamonica	Standing Auditor	04/09/1943	24/04/2012	29/04/2014	31/12/2014	M ^(*)	x	100%	100%	12/12	100%	23/23	5
Giorgio Loli	Standing Auditor	23/08/1939	24/04/2012	29/04/2012	31/12/2014	M	x	100%	92%	11/12	87%	20/23	12

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

(*) Standing Auditor appointed by the Shareholders' Meeting on 29/04/2014, following resignation of the Standing Auditor, Mr Antonino D'Ambrosio.

⁽²⁾ Indicates the attendance, in percentage, by the Statutory Auditor to the Shareholders' Meetings (in calculating this percentage, the number of meetings attended by the Statutory Auditor compared with the number of meetings held by the Shareholders, during the financial period or after accepting the assignment).

⁽³⁾ Indicates the attendance, in percentage, by the Statutory Auditor to the meetings of the Board of Directors (in calculating this percentage, the number of meetings attended by the Statutory Auditor compared with the number of meetings held by the Board during the financial period or after accepting the assignment).

⁽⁴⁾ Indicates the attendance, in percentage, by the Statutory Auditor to the meetings of the Board of Statutory Auditors (in calculating this percentage, the number of meetings attended by the Statutory Auditor compared with the number of meetings held by the Board during the financial period or after accepting the assignment).

⁽⁵⁾ Indicates the attendance, in percentage, by the Statutory Auditor to the meetings of the Board of Statutory Auditors (in calculating this percentage, the number of meetings attended by the Statutory Auditor compared with the number of meetings held by the Board during the financial period or after accepting the assignment).

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.unipol.it Governance Section/Boards and Officials/Statutory Auditors.

UnipolSai Assicurazioni S.p.A.

Registered office
Via Stalingrado, 45
40128 Bologna (Italy)
Tel.: +39 051 5077111
Fax: +39 051 375349

Share capital
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A company subject
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entered in Section I of the Insurance
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and a member of the
Unipol Insurance Group,
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Registered office
Via Stalingrado, 45
40128 Bologna (Italy)