



THIS DOCUMENT COMPRISES THE DIRECTORS' EXPLANATORY REPORT FOR THE PURPOSES OF REGULATION 6 OF THE EUROPEAN COMMUNITIES (CROSS-BORDER MERGERS) REGULATIONS 2008 OF IRELAND.

DIRECTORS' EXPLANATORY REPORT

on the proposed cross-border merger of

UnipolRe DAC

and

UnipolSai Assicurazioni S.p.A.

Contents

Clause	Page
1. DEFINITIONS	1
2. INTRODUCTION	1
3. ECONOMIC GROUNDS FOR THE COMMON DRAFT TERMS OF MERGER.....	1
4. LEGAL GROUNDS FOR THE COMMON DRAFT TERMS OF MERGER	2
5. IMPLICATIONS AND EFFECTS OF THE MERGER	2
6. CONSEQUENCES OF THE MERGER FOR ARE DEBENTURE HOLDERS	3
7. NO DIRECTORS' MATERIAL INTERESTS OR BENEFITS	3
8. INSPECTION OF DOCUMENTS	3

1. DEFINITIONS

- 1.1. Unless the context otherwise requires, defined terms in this directors' explanatory report shall have the same meaning as defined terms in the Common Draft Terms of Merger (**Common Draft Terms**) (attached hereto as the Schedule).
- 1.2. Any terms that are defined in the European Communities (Cross-Border Mergers) Regulations 2008 (as amended) (the **Irish Regulations**) shall have the same meaning when used herein.

2. INTRODUCTION

- 2.1. Directive 2005/56/EC of European Parliament and of Council (the **Merger Directive**) facilitates the merger of limited liability companies in different member states of the EEA. It has been proposed by the boards of directors of UnipolSai Assicurazioni S.p.A. (**UnipolSai**) (a company incorporated under the laws of Italy) and UnipolRe DAC (**UnipolRe**) (a company incorporated under the laws of Ireland) that a cross-border merger of UnipolSai and UnipolRe (the **Merger**) be effected pursuant to Legislative Decree 30 May 2008 no. 108, also considering the provisions of Legislative Decree 7 September 2005, no. 209 and the IVASS Regulation no. 14/2008 (the **Italian Law**), and the Irish Regulations which implement the Merger Directive in Italy and Ireland, respectively. Further details regarding the terms of the Merger, UnipolSai and UnipolRe are set out in the Common Draft Terms.
- 2.2. The purpose of the Merger is to transfer the entire business, including all assets and liabilities (and attendant rights and obligations) of UnipolRe (the **Business**) to UnipolSai so that UnipolSai will conduct the Business as the legal successor to UnipolRe from the Effective Date. The Merger will be implemented under a process provided for in the Italian Law and the Irish Regulations whereby, subject to the satisfaction of certain conditions, at the Effective Date, UnipolRe, as the transferor company, will transfer its assets and liabilities to UnipolSai, as the successor company.
- 2.3. The Merger is conditional upon satisfaction of the requirements specified in the Italian Law and the Irish Regulations as they apply to UnipolSai and UnipolRe respectively.

3. ECONOMIC GROUNDS FOR THE COMMON DRAFT TERMS OF MERGER

- 3.1. The Merger
 - 3.1.1. The purpose of the Merger is to transfer the Business to UnipolSai so that UnipolSai will continue to conduct the Business as successor to UnipolRe. In this regard, UnipolSai will become the owner of UnipolRe's assets and will assume all its liabilities, including those arising under all existing reinsurance treaties issued by UnipolRe that remain in effect at the time of the Merger.
 - 3.1.2. UnipolRe has agreed to transfer, and UnipolSai has agreed to acquire, the Business.
 - 3.1.3. The Merger constitutes a portfolio transfer of UnipolRe's reinsurance business to UnipolSai and such transfer requires approval from the Central Bank of Ireland (the **Central Bank**) pursuant to Regulation 42 of the European Union (Insurance and Reinsurance) Regulations 2015 (as amended) (the **2015 Regs**).
- 3.2. Economic reasons for the Merger
 - 3.2.1. The Merger aims at (i) simplifying the Unipol Group's organizational structure; (ii) strengthening the governance oversight by Unipol Group structures; (iii) optimizing the investment allocation; (iv) pursuing cost synergies and (v) optimizing fungibility and absorption of capital.

4. LEGAL GROUNDS FOR THE COMMON DRAFT TERMS OF MERGER

- 4.1. This document has been drawn up in accordance with the Irish Regulations. The Irish Regulations implement the Merger Directive in Ireland. The Merger Directive facilitates mergers of companies incorporated in different European Economic Area member states.
- 4.2. Under the Irish Regulations and the Italian Law, UnipolRe and UnipolSai must meet certain conditions before the Merger can occur. These conditions require that UnipolRe and UnipolSai draw up and adopt common draft terms of merger and that each of UnipolRe and UnipolSai produce a directors' explanatory report. These documents must contain the prescribed content set out in the Irish Regulations or the Italian Law as appropriate.

As this is a "merger by absorption" under the Irish Regulations, there is no requirement to provide an independent expert's report to the sole member of UnipolRe.

- 4.3. In Ireland, UnipolRe is obliged to deliver the Common Draft Terms together with a Form CBM1 to the Registrar of Companies. Notice of delivery of these documents to the Registrar of Companies must be published in two Irish national newspapers by UnipolRe and in the Companies Registration Office (CRO) Gazette by the Registrar of Companies.
- 4.4. A copy of this Directors' Report, together with the Common Draft Terms, will be made available to the sole member of UnipolRe for inspection at the registered address of UnipolRe, for a period of thirty days from the date that the notification of the filing of the Common Draft Terms and the Form CBM1 in the CRO is published.

In Italy, pursuant to the provisions of the Italian Law, the Merger will be approved by the Board of Directors of UnipolSai with notarial minutes and no UnipolSai shareholders' meeting is needed unless UnipolSai shareholders representing at least 5% of the issued share capital request, within 8 days from the filing of the Terms of Merger with the Companies' Register of Bologna, that the decision on the Merger is adopted by a shareholders' meeting.

The documentation concerning the Merger will be made available to the public also according to the applicable Italian laws and regulations.

- 4.5. Once UnipolRe has complied with the conditions applicable to it as described in paragraphs 4.1 to 4.4 above, it must apply to the High Court of Ireland for a pre-merger certificate confirming compliance with these conditions in accordance with regulation 13 of the Irish Regulations. It is currently anticipated that application will be made during October 2023 for that certificate.
- 4.6. Upon the issuance by the Irish High Court of the pre-merger certificate, the expiration of the 60 day creditors' opposition period prescribed by the Italian Law, the execution of the Deed of Merger and its registration in the Companies' Register of Bologna, the Registrar of Companies will terminate the registration of UnipolRe at the CRO. UnipolRe will cease to exist and shall be dissolved without going into liquidation in accordance with the Italian Law and the Irish Regulations upon the registration of the Merger with the Companies' Register of Bologna and, consequently, all its assets and liabilities shall be transferred to UnipolSai, which shall acquire all the aforementioned assets and liabilities and which will carry on the Business as successor to UnipolRe from the Effective Date.
- 4.7. The Merger is also subject to the approval from the Italian Government pursuant to the Italian foreign direct investments screening regulation and the prior approval of the National Bank of Serbia in respect of the change of ownership of DDOR Re, a reinsurance company incorporated under the laws of Serbia, as UnipolSai will become the direct shareholder of DDOR Re in place of UnipolRe upon completion of the Merger.

5. IMPLICATIONS AND EFFECTS OF THE MERGER

5.1. Cessation of Solvency II Authorisation

5.1.1. As UnipolRe will cease to exist as a result of the Merger, UnipolRe will be required to apply to the Central Bank to hand back its reinsurance authorisation under the 2015 Regs. The handback of this authorisation will become effective on the Effective Date.

5.2. Members

5.2.1. Once the Merger becomes effective, UnipolRe will be dissolved without going into liquidation. UnipolSai will become the legal successor of UnipolRe and UnipolRe will be deregistered from the CRO.

5.3. Creditors

5.3.1. Pursuant to Regulation 19 of the Irish Regulations, all and any assets of UnipolRe immediately prior to the Merger becoming effective and all and any liabilities of UnipolRe immediately prior to the Merger becoming effective will transfer to UnipolSai. Persons or entities who were creditors of UnipolRe before the Merger becoming effective will have the same rights and obligations following the consummation of the Merger, but in relation to UnipolSai, not UnipolRe. Therefore, creditors of UnipolRe before the Merger becomes effective will become creditors of UnipolSai following the consummation of the Merger.

5.4. On the date of this UnipolRe Directors' Report:

5.4.1. UnipolRe is a solvent entity and the directors of UnipolRe have no reason to believe that UnipolRe will not be a solvent entity immediately prior to the Merger; and

5.4.2. According to the Terms of Merger *"the Merging Companies are not subject to any bankruptcy or insolvency proceedings nor have they ceased or are they under liquidation nor do their management bodies intend to resolve the winding up of the same companies"*.

5.4.3. The UnipolRe Board has procured that steps be taken to identify potential adverse effects on creditors of UnipolRe.

5.5. Employees

5.5.1. As the Merger will result in the cessation of the Unipol Group's activities in Ireland, all roles in UnipolRe in Ireland are at risk of redundancy as a consequence of the proposal to implement the Merger. This triggers certain statutory consultation obligations under local employment laws in Ireland (the *Protection of Employment Act, 1977* (as amended)). UnipolRe will observe a process of collective engagement with employees through employee representatives nominated by them for that purpose. This process of employee engagement will be completed well in advance of any dismissals by UnipolRe on grounds of redundancy, which it is anticipated would not be confirmed for any employee before Q4 2023. UnipolRe will offer to all the UnipolRe employees redeployment opportunities with UnipolSai in Italy.

6. CONSEQUENCES OF THE MERGER FOR ARE DEBENTURE HOLDERS

6.1. UnipolRe doesn't have any debenture holders, and accordingly there are no debenture holders whose rights will be affected by the Merger.

7. NO DIRECTORS' MATERIAL INTERESTS OR BENEFITS

- 7.1. Save as specified above, the effect of the Merger on the interests of the directors of UnipolRe does not differ from its effect on the like interests of any other person and the emoluments of the directors of UnipolRe will not vary as a result of the Merger.

8. INSPECTION OF DOCUMENTS

- 8.1. For 30 days following the date of this report:

- 8.1.1. This report and the Common Draft Terms will be made available by UnipolRe for inspection by its sole member at UnipolRe's registered office between 9.00am and 5.00pm on any day other than a Saturday, Sunday or public holiday in Ireland. This report will be made available to the employees of UnipolRe according to the applicable laws; and
- 8.1.2. copies of this report and the Common Draft Terms may be obtained by the sole member of UnipolRe or any of UnipolRe's employees free of charge upon request by contacting Mrs Valentina Buttice (Email: valentina.buttice@unipolre.com).

For and on behalf of the Board of directors of UnipolRe DAC



Chairperson: Enrico San Pietro
UnipolRe DAC

Date: 20 March 2023