



UNIPOL GRUPPO FINANZIARIO S.p.A.

**ANNUAL REPORT ON CORPORATE GOVERNANCE
AND OWNERSHIP
FOR FINANCIAL YEAR 2012**

Bologna, 21 March 2013

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www.unipol.it

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DEFINITIONS

For the purposes of this Report and in addition to the definitions given in the text that follows, expressions and/or words starting with a capital letter shall have the following meanings:

Responsible Director: The Director responsible for overseeing the operation of the internal control and risk management system.

Code of Conduct: the Code of Conduct for listed companies approved in March 2006 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., as amended, which can be viewed on the latter's website at www.borsaitaliana.it.

Corporate Governance Code, Code: the Group's Corporate Governance Code, adopted by the Board of Directors of Unipol on 10 May 2007, as amended, which can be viewed in the Corporate Governance section of the Company's website at www.unipol.it.

Board of Statutory Auditors: the Company's supervisory body appointed by the Shareholders' Meeting of Unipol on 29 April 2010.

Board of Directors: the Company's executive body, appointed by the Shareholders' Meeting of Unipol on 29 April 2010.

Implementing Decree: Legislative Decree No. 27 of 27 January 2010.

Corrective Decree: Legislative Decree No. 91 of 18 June 2012.

Manager in charge: Manager in charge of financial reporting.

Financial Year: the financial year ended 31 December 2012.

Group, Unipol Group: Unipol and its Controlled Companies (as defined below).

Guidelines on the Stock Exchange Regulations: the Guidelines on the Regulation Governing Markets organised and managed by Borsa Italiana S.p.A.

Savings Law: Law No. 262 of 28 December 2005.

Guidelines: guidelines which define the Internal Control System adopted by the Unipol Board of Directors in December 2008 and revised annually.

Internal Dealing Procedure, Procedure: procedure for providing notification of transactions involving treasury shares or other financial instruments related to such shares.

Rules for the Shareholders' Meeting: rules approved by the Shareholders' Meeting to regulate the orderly and effective conduct of the Ordinary and Extraordinary Shareholders' Meeting.

Share Scheme Regulations: regulations governing the scheme to award free shares to Unipol employees, adopted by resolution of the Shareholders' Meetings held on 24 April 2007 and 24 April 2008.

Stock Exchange Regulations: the Regulations Governing Markets Organised and Managed by Borsa Italiana S.p.A.

Issuers' Regulations: the Regulations issued by CONSOB in resolution 11971 of 1999 relating to issuers.

Market Regulations: the Regulations issued by CONSOB in resolution 16191 of 2007 relating to markets.

Report: this report containing information on compliance with the Code of Conduct and with corporate governance and the ownership structures that listed share-issuing companies are obliged to prepare pursuant to articles 123-*bis* of the Consolidated Finance Act (TUF) (as defined below) and 89-*bis* of the Issuers' Regulations.

Holding Company, Finsoe: Finsoe S.p.A. Finanziaria dell'Economia Sociale.

Controlled Companies, Operating Companies: the companies directly or indirectly controlled by Unipol pursuant to article 2359 of the Italian Civil Code.

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

TUF: Legislative Decree 58 of 24 February 1998 (Consolidated Finance Act).

INTRODUCTION

Having implemented and been following the recommendations of the Code of Conduct since March 2001, Unipol Gruppo Finanziario S.p.A. publishes this annual Report containing information on corporate governance, compliance with the Code of Conduct, its ownership structures and the other information required by Article 123-*bis* of the TUF.

The Report consists of three parts:

- the Introduction, which contains a summary of data regarding the Company and the Unipol Group;
- Section I, which provides the basic information required by the aforementioned article 123-*bis* of the TUF;
- Section II, which contains information on the governance structure and principles, rules and procedures adopted in accordance with the Code of Conduct and to comply with changes in the relevant regulations, as well as any information required by article 123-*bis* of the TUF that is not provided in Section I.

Unless otherwise stated, the information contained in the Report is valid as of the end of the financial year 2012.

THE ISSUER AND THE UNIPOL GROUP

Profile of the Company and the Group

Unipol is the holding and service company of the Unipol Group, one of the leading Italian insurance groups, which also operates in the banking sector in Italy.

Unipol administers, controls and coordinates the Unipol Group and provides the so-called "overarching" services, which are the support services required by the Controlled Companies to operate in the Group's various areas of business.

The Unipol Group operates in the following sectors:

- a) insurance, split into:
 - *insurance*: in which the Unipol Group has traditionally operated in the Life and Non-Life business; and
 - *bancassurance*;
- b) banking, in which the Group provides traditional banking services, portfolio management and other investment services, collective management of savings, merchant banking and investment banking, advice for extraordinary finance operations and financial brokerage for leasing agreements;
- c) property, an area which has become more strategically important since the Group took control of the Premafin – Fondiaria SAI group of companies, as described later on in this document;
- d) holding and services, under which it provides the overarching services mentioned above, as well as running a hotel business.

During 2012, the consolidation scope of the Unipol Group was profoundly transformed by the acquisition of the Premafin - Fondiaria SAI group.

On 29 January 2012, Unipol and Premafin HP S.p.A. ("Premafin") signed an investment agreement – supplemented by subsequent agreements – regarding their respective undertakings in relation to an integration and merger plan between FONDIARIA - SAI S.p.A., Unipol Assicurazioni S.p.A., Premafin and, potentially, Milano Assicurazioni S.p.A. (the "Merger"), aimed at safeguarding the current and future solvency of Premafin and FONDIARIA - SAI, while at the same time creating a primary national operator in the insurance sector that could compete effectively with the leading national and European competitors and generate value for all the shareholders of the companies involved.

Implementing this agreement, on 19 July 2012, Unipol subscribed the capital increase of Premafin and consequently took over direct control of Premafin and indirect control of FONDIARIA - SAI and Milano Assicurazioni.

In the subsequent months, Premafin, FONDIARIA – SAI and Milano Assicurazioni passed the appropriate resolutions to make the necessary changes to their management bodies to allow coordination with the Unipol Group's policies and consequently to allow effective management of the integration process, promoting communication and integration between the different organisations.

Subsequently, in a resolution dated 14 November 2012, having verified fulfilment of the requirements and conditions it believed to be appropriate and sufficient to ensure the proper and effective management and coordination of the Premafin - Fondiaria SAI group, the Board of Directors of Unipol formally resolved to take over the management of Premafin, FONDIARIA - SAI and of the companies managed and coordinated by these two.

In business terms, the integration of the Unipol Group with the Premafin - Fondiaria SAI group is part of the strategic plan to focus on the Non-Life insurance business, which was part of the Unipol Group's Business Plan for 2010-2012. The external growth was supported by the solid business results achieved in recent years, providing a major opportunity for dimensional growth to make the most of the Unipol Group's skills in the insurance business. The plan is therefore based on a strong business rationale, which can be summarised in the following guidelines:

- opportunity to strengthen leadership in the Non-Life insurance market in Italy and improve the Group's balance sheet;
- strong potential to restructure the insurance business of FONDIARIA - SAI, specifically in the Non-Life insurance area;
- experience gained in recent years by the Unipol Group in operations to reform the insurance portfolio;
- scope to simplify the corporate structure and operations by optimising structures and processes (purchase centres, supplier base, single contract for agents) and potential to rationalise current investment programmes (e.g. *Solvency II*, IT systems);
- complementary nature of skills in the Health, Welfare and Direct channel sectors;
- opportunity to strengthen the leadership of the Unipol Group by building on the measures already undertaken, which will be extended to the Premafin - Fondiaria SAI group, involving actions aimed at the sales network and the technical and specialised skills of some product creation centres.

The Business Plan, which is primarily aimed at ensuring the best possible integration of the Premafin – Fondiaria SAI group, is intended to implement a profound restructuring programme to further improve the performance of the Unipol Group as a whole. Under the Business Plan, the Unipol Group intends to take strategic and organisational action that will significantly break with the past, in order to meet the new challenges of the market with a innovative approach in terms of commercial effectiveness and operational efficiency.

System of corporate governance

The Unipol Group has an internal organisational and operational model that centralises the functions and structures of the Company associated with its role as a holding company, i.e. strategy, administration, coordination and control.

Group Code of Corporate Governance

The Corporate Governance Code (which can be viewed in the Corporate Governance Section of the website www.unipol.it), adopted in May 2007, describes the composition and functions of the management bodies responsible for governance of the holding company and Operating Companies, and supplements the respective applicable rules, whether these be (i) stipulated by legal, regulatory or statutory provisions or by contractual agreements of the same nature as shareholders' agreements (the latter limited to Operating Companies within the bancassurance sector), (ii) contained in the Code of Conduct or in self-regulation instruments such as the Group's Code of Ethics.

In view of the further changes adopted by the Code of Conduct in December 2011, relating in particular to (i) the role, structure and function of the Board of Directors, (ii) the organisation and duties of the Board Committees and (iii) rationalisation of the internal control and risk management system, the Board of Directors, at its meeting held on 27 September 2012, made a number of changes to the Corporate Governance Code relating primarily to the internal control and risk management system, in order to (i) assign the function of Director in charge of the internal control and risk management system to the Chairman of the Board of Directors; (ii) adapt the Code to the recommendations introduced by the Code of Conduct.

With regard to the governance system, you are reminded that Unipol has adopted the "traditional system" of administration and control, the main bodies of which are the Board of Directors (which operates with the support of Board Committees having consultative and advisory functions, and through the Chairman and Chief Executive), the Board of Statutory Auditors and the Shareholders' Meeting. Control of legal auditing of the financial statements is entrusted to an Audit Company, under the terms of current legal provisions on the matter. The role and responsibilities of the aforementioned bodies are explained later on in this Section.

As part of the Group's governance and internal control and risk management system, a number of internal company committees have been set up by the Board of Directors or by the CEO/General Manager, mainly made up of Department Managers, the function of which is to implement and oversee the policies established by the Board of Directors and Senior Management regarding operational direction, coordination and strategy.

The initiatives taken to reorganise the management bodies of the Premafin - Fondiaria SAI group, as described in the Introduction, and the takeover by Unipol of the respective management and coordination activities, have laid the foundations for a gradual adoption, particularly in view of the Merger, of a Group governance structure which, while taking into account the respective independence of the controlled companies, defines the roles and tasks of the bodies involved in governing the Group, and the respective decision-making processes, in accordance with the principles that have inspired the Corporate Governance Code.

Unipol and social responsibility

The Company has chosen to make corporate social responsibility a strategy deeply integrated in all company decisions, starting with the definition of identity, governance and the management of all its activities, from business to personal relationships, from relationships with suppliers to those with the community; and to do all this by following a path that leads progressively, and with a view to achieving ongoing improvements, to developing a consistent strategy of sustainability, meaning the ability to combine efficient economic management, care of people from a social point of view and protection of the environment.

Within this framework, at the same time as it approved the Business Plan, the Board of Directors drew up and approved a three-year Sustainability Plan in 2010, which came to an end with the 2012 financial year. The development goals that it contains, which are consistently pursued, make the most of the wealth of experience accumulated by the Group over the years and have led to considerable innovations in terms of policies and initiatives, involving the whole Group and all its stakeholders, both within and outside the Group. The Sustainability Plan has allowed the Group's social commitment in all its various areas of operation and activity to be assessed. This is demonstrated by the decision to draw up an annual Sustainability Budget, currently only for internal use, which will be fully implemented in the new 2013-2015 Sustainability Plan. The projects and activities run by the Unipolis Foundation, the Group's corporate foundation, make a major contribution to developing Unipol's sustainability strategy.

SECTION I

OWNERSHIP AND RELATED INFORMATION

(Section also drafted pursuant to Article 123-bis of the TUF)

1. STRUCTURE OF SHARE CAPITAL

1.1 Composition

The Extraordinary Shareholders' Meeting held on 19 March 2012 resolved:

- ✓ to group the ordinary and preference shares using a ratio of 1 new ordinary share to every 100 ordinary shares owned and 1 new preference share to every 100 preference shares owned, with a consequent reduction in the number of shares in circulation, in order to simplify the work of administering both ordinary and preference shares, in the interest of the Shareholders (the "Share Grouping").
- ✓ to authorise the Board of Directors to increase the share capital, against payment, in one or more tranches, by 31 December 2012 by a maximum of €1,100m, including any share premium, by issuing ordinary and preference shares with no nominal value and with regular dividend, to be offered as an option to the holders of ordinary and preference shares respectively in proportion to the number of shares held by them, and to authorise the Board of Directors to fix, from time to time and within the limits mentioned above, procedures, terms and conditions for the capital increase, including the prices at which the shares are to be issued (including any share premium), the number of shares to be issued and the option ratio, in accordance with Article 2443 of the Civil Code.

Implementing this resolution, on 2 April 2012, the ordinary and preference shares of Unipol were grouped using a ratio of 1 new share to every 100 existing shares.

In particular, on 2 April 2012 - following the cancellation, for the sole purpose of ensuring the overall balance of the operation, of 6 ordinary shares and 10 preference shares belonging to the parent company Finsoe S.p.A., with a consequent reduction of the share capital by €12.64 - the following actions were taken:

- grouping of the existing 2,114,257,100 ordinary shares (following the cancellation of the 6 ordinary shares held by Finsoe S.p.A.), with no indication of nominal value, into 21,142,571 new ordinary shares, with no indication of nominal value and with regular dividend;
- grouping of the existing 1,302,283,300 preference shares (following the cancellation of the 10 ordinary shares held by Finsoe S.p.A.), with no indication of nominal value, into 13,022,833 new preference shares, with no indication of nominal value.

On 21 June and 12 July 2012, exercising its Share Capital Increase powers, the Board of Directors resolved to increase the share capital by a maximum of €1,099,648,083.50 (including

€666,225,378.00 assigned to increasing the share capital and €433,422,705.50 assigned to the share premium reserve), by issuing:

- (i) a maximum of 422,851,420 new ordinary shares, with regular dividend and having the same characteristics as the ones already in circulation, to be offered as an option to the holders of ordinary shares at a price of EUR 2.00 (including €0.975 assigned to increasing the share capital and €1.025 assigned to the share premium reserve), using an assignment ratio of 20 new ordinary shares to every 1 ordinary share already owned;
- (i) a maximum of 260,456,660 new preference shares, with regular dividend and having the same characteristics as the ones already in circulation, to be offered as an option to the holders of preference shares at a price of EUR 0.975 (assigned entirely to increasing the share capital), using an assignment ratio of 20 new preference shares to every 1 preference share already owned;

In September 2012, the capital increase was completed with the full subscription of 422,851,420 ordinary shares and 260,456,660 preference shares, for a total countervalue of €1,099,648,083.50.

Unipol's share capital fully subscribed and paid-up as of 31 December 2012 is €3,365,292,295.47, divided into 717,473,484 registered shares with no nominal value, of which 443,993,991 are ordinary and 273,479,493 are preference shares.

The breakdown of share capital as of 31 December 2012 is summarised in the following table:

Type and title of shares	No. of shares	% of share capital	Market
Unipol ordinary	443,993,991	61.88%	MTA
Unipol privileged	273,479,493	38.12%	MTA

1.2 Other financial instruments

The Extraordinary Shareholders' Meeting on 29 April 2010 resolved to increase the share capital against payment, in one or more tranches, by up to €100m by issuing Unipol ordinary and preference shares with no nominal value and with regular dividends, to be reserved for the purpose of exercising the 634,236,765 'Unipol 2010-2013 Ordinary Share Warrants' (the 'Ordinary Warrants') and the 390,660,132 'Unipol 2010-2013 Preference Share Warrants' (the 'Preference Warrants') combined free of charge, respectively, with the ordinary shares and preference shares issued at the time of the 2010 capital increase which is to take place by 31 December 2013.

As a result of the aforementioned Share Grouping and Share Capital Increase operations, both the conversion ratio and the conversion price of the Ordinary Warrants and Preference Warrants were changed.

Financial instrument	No. of instruments in circulation	Category of shares for conversion/exercise	No. of shares for conversion/exercise
Ordinary Share Warrants Unipol 2010 - 2013	634,236,765	Unipol ordinary	2 shares for every 1,300 warrants
Preference Share Warrants Unipol 2010 - 2013	390,660,132	Unipol preference	2 shares for every 1,300 warrants

The Ordinary Warrants and Preference Warrants are admitted to the centralised management system at Monte Titoli S.p.A. under the uncertificated securities system pursuant to Legislative Decree 213 of 24 June 1998. They are bearer securities, freely transferable, and circulate separately from the shares with which they are associated as of the date of issue.

The holders of Ordinary Warrants will be entitled to apply for 2 ordinary conversion shares for every 1,300 Ordinary Warrants exercised, at a cost of €72 for every conversion share, and the holders of Preference Warrants will be entitled to apply for 2 preference conversion shares for every 1,300 Preference Warrants exercised, at a cost of €48 for every preference conversion share. The Warrants may be exercised at any time during the exercise period (1 July 2013 to 16 December 2013) according to the procedures (subject to any suspension) stipulated by the Respective Warrant Regulations (viewable in the Investor Relations section of the Company's website at www.unipol.it).

Warrants not exercised before the deadline of 16 December 2013 will lose all rights and become invalid for all purposes.

1.3 Rights relating to categories of shares

The preference shares, which have no voting rights in respect of resolutions passed by the Ordinary Shareholders' Meeting, enjoy the dividend rights stipulated in Article 19 of the current By-Laws.

The Share Grouping and Share Capital Increase operations that took place during 2012, led to a change in the implied nominal value of ordinary and preference shares from €0.79 to €4.69, thus requiring an adjustment to be made to the numerical amounts stated in the aforementioned article 19 of the Company's By-Laws in order to determine the dividend owed for preference and ordinary shares.

The current wording of Article 19 of the Company's By-Laws is shown below:

“10% of the net profit shown in the Company’s annual financial statements, up to one fifth of the share capital, is allocated to the legal reserve as a priority.

Once the allocation referred to above has been made, the Shareholders’ Meeting will allocate the rest of the net profits as follows:

- a. a percentage to the extraordinary reserve or to other special funds;
- b. a percentage to dividends, to ensure that an amount of up to €0.17 is allocated to each preference share,

any surplus from this percentage being allocated to paying a dividend on the ordinary shares of up to €0.15 per ordinary share.

Once the above allocations have been made, the remaining part of the profit, allocated to dividends, will be divided proportionally between the two categories of share.

For both share categories, the dividends may not be carried forward from one financial year to the next. If the share capital is increased free of charge, the dividends to be paid on preference shares and on ordinary shares may be reduced provided that there is still a difference of €0.02 in favour of the preference shares, but in any case subject to a minimum of €2.58 for each preference share and €2.06 for each ordinary share.

Subject to the above, should either a stock consolidation or stock split be implemented (and in the case of operations involving capital other than a free share capital increase as mentioned above, where this is necessary in order to avoid altering the rights that would be enjoyed by Shareholders’ if shares had a nominal value) the aforementioned fixed amounts per share will be modified accordingly.

The Shareholders’ Meeting may also vote to make extraordinary allocations of net profits by issuing shares to be allocated individually to the Company’s employees in accordance with Article 2349 of the Civil Code. [...].”

If the share capital is increased by means of an increase in the number of shares, the increase will involve the simultaneous issue of shares in the categories existing from time to time and in the proportions already pertaining between said categories.

Any amendment to the Company’s By-Laws involving a change to the ratio of ordinary shares to preference shares, or to the related ownership or administrative rights, must also be approved by a Special Meeting of the category or categories concerned, as required by the law.

The Special Meeting of Preference Shareholders, held on 28 April 2011, appointed Professor Massimo Franzoni as Joint Representative for the Preference Shareholders for the 2011, 2012 and 2013 financial years (cf. Paragraph 11.2 below of the Report).

1.4 Powers to increase the share capital and authorisations to acquire treasury shares

1.4.1 Powers to increase the share capital

As of the date of the Report, no powers to increase the share capital had been conferred on the Board of Directors.

1.4.2 Authorisations to acquire treasury shares

During 2012, the Board of Directors did not make use of the authorisation granted in a resolution passed by the Shareholders' Meeting on 30 April 2012, to acquire and/or to hold treasury shares, pursuant to Articles 2357 and 2357-*ter* of the Civil Code, subject to the size of the treasury shares acquisition fund, for a period of 18 (eighteen) months from the resolution.

As of the date of this Report, the portfolio contains 40,000 ordinary treasury shares held through the controlled companies FONDIARIA-SAI (24,000) and Milano Assicurazioni (16,000). The Company holds no shares in the Holding Company.

Bearing in mind that the aforementioned authorisation will expire on 31 October 2013, the Board of Directors agreed on 21 March 2013 to propose to the Shareholders' Meeting called to approve the financial statements for the 2012 financial year that it be renewed for a further 18 months. In particular, the draft authorisation to acquire and hold treasury shares pursues the following objectives, in the interest of the Company and in compliance with the applicable regulations and permitted market practices:

- to intervene, either directly or through intermediaries, to promote the proper conduct of negotiations in the face of distortions associated with excessive volatility or low trading liquidity;
- to seize opportunities to maximise the value that might result from market performance – thus pursuing trading objectives as well – or opportunities connected with potential transactions of a strategic nature which may be of interest to the Company;
- to use treasury shares as an object of investment, in order to ensure that the liquidity generated by the Company's core business is used efficiently;
- to use treasury shares for the purpose of share incentive schemes reserved for Directors, employees and anyone else working for the Company or the companies in the Group.

Conversely, authorisation to acquire and sell unlisted shares in Finsoe was proposed, with the aim of enabling the Company to seize strategic opportunities and to fulfil contractual undertakings it has given.

The proposal envisages that the purchase and sale of treasury and Holding Company may take place in the quantities and according to the procedures stated below:

- (i) treasury shares may be purchased, up to the maximum quantities allowed and in compliance with permitted market practices, pursuant to the procedures stipulated in Article 132 of the TUF and Article 144-*bis*, paragraph 1, a), b) and c) of the Issuers' Regulations, as well as any other provision, including the regulations contained in Directive 2003/6/EC and the related EU and national implementation rules, where applicable;
- (ii) treasury shares may be sold in compliance with the procedures established by law; this may be done by carrying out one or more successive purchase and sale operations until the term of the authorisation expires;

- (iii) shares in the Holding Company may be purchase and sold, up to the maximum quantities allowed and in compliance with legal procedures;
- (iv) both the purchase and sale of treasury shares may take place at a price that is no more than 15% higher or lower than the reference price recorded by the security on the day of trading day prior to the date of each individual transaction, subject to a maximum expenditure limit, for purchases, of €100m;
- (v) for the purchase and sale of shares in the Holding Company, the maximum unit price must be set at €1.30 and the minimum unit price must be set at €0.80, subject to a maximum expenditure limit of €45m for purchases.

1.5 Restrictions on share transfers, ownership limits and prior approval clauses

Unipol's current By-Laws do not include any restrictions on the transfer of shares, limits on the ownership of shares or prior approval clauses.

2. SHAREHOLDERS

The total number of Unipol Shareholders shown in the Register of Shareholders as of 5 March 2012 was 156,000, including 89,000 ordinary shareholders and 67,000 preference shareholders.

2.1 Major shareholdings

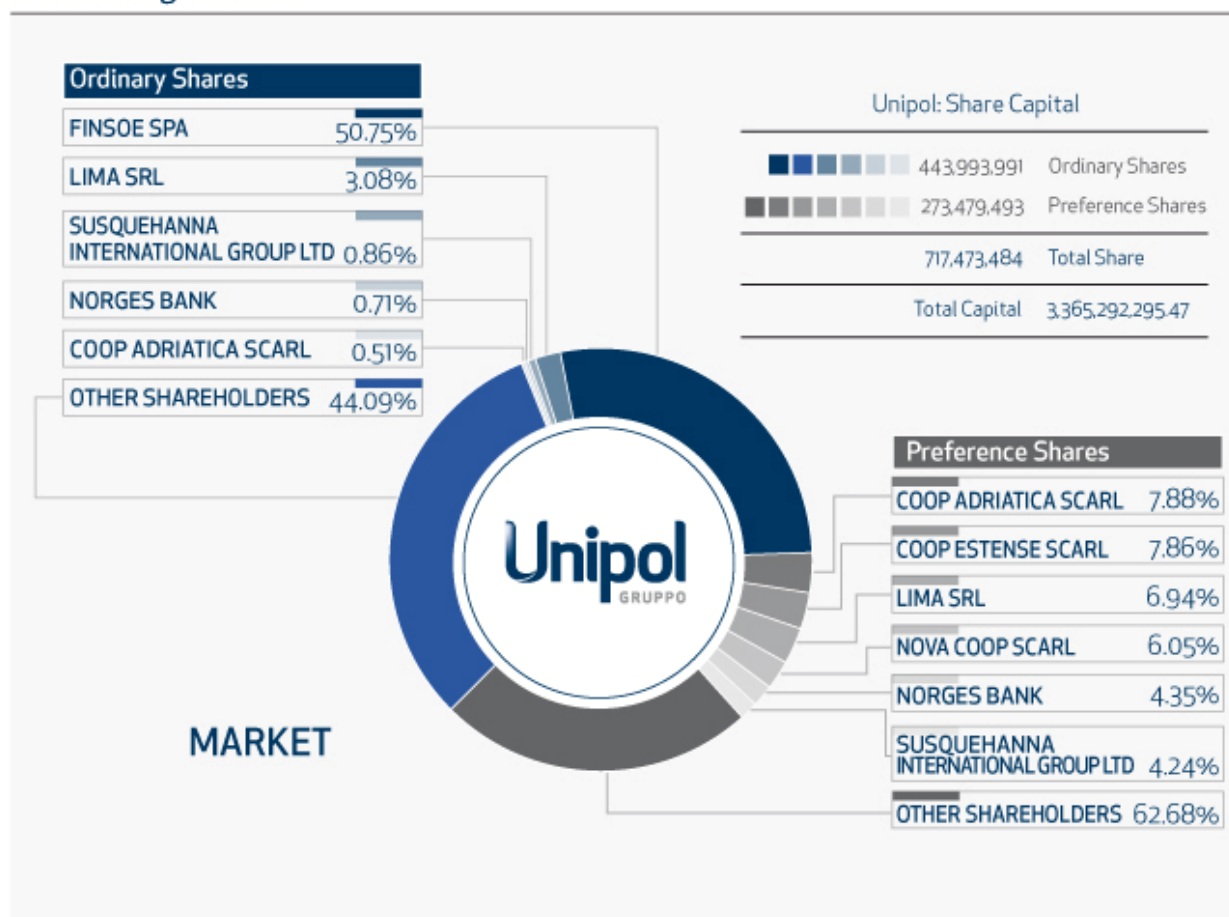
Based on the information recorded in the Register of Shareholders, notices received as required by law and any other information available as of the date of this Report, the Shareholders who – directly, indirectly, through an intermediary or through trust companies – have holdings corresponding to more than 2% of the share capital with voting rights are as shown in the following Table:

Declarant	Direct Shareholder	% of ordinary share capital	% of voting share capital
Finsoe S.p.A.	Finsoe S.p.A.	50.75%	31.40%
Lima Srl	Lima Srl	3.08%	4.55%
Coop Adriatica Scarl	Coop Adriatica Scarl	0.51%	3.31%
Coop Estense Scarl	Coop Estense Scarl	-	3.00%
Nova Coop Scarl	Nova Coop Scarl	-	2.31%

SIH Partners LLLP	Susquehanna International Group Ltd	0.86%	2.15%
Norges Bank	Norges Bank	0.71%	2.10%

The share capital was distributed as follows:

Shareholding structure



2.2 Special control rights

No securities that confer special rights of control have been issued.

2.3 Exercise of voting rights by employee shareholders

The Share Scheme Regulations do not provide for parties other than the employees to whom the shares have been assigned to exercise their voting rights.

2.4 Restrictions on voting rights

There are no restrictions on voting rights.

2.5 Shareholders' Agreements

With reference to the shareholders' agreements relating to shares in the Holding Company, note that on 15 November 2012 the shareholders' agreement between Holmo S.p.A. and BNP Paribas S.A., originally signed on 8 February 2006, was terminated. It contained agreements which could have been defined as shareholders' agreements pursuant to article 122 of the TUF, which related directly to Finsoe and indirectly to Unipol.

As of the date of approval of this Report, the Company is not aware of any shareholders' agreements pursuant to article 122 of the TUF.

2.6 Change of control clauses

Unipol and its Controlled Companies¹ have not, as part of their normal activity, entered into any agreements containing clauses which authorise the parties to amend or terminate the agreements in the event of a change of control of the Company.

2.7 Controlling entity and management and coordination activity

Under Article 2359, paragraph 1, 1), of the Civil Code, the Company is controlled by Finsoe, which currently holds 50.75% of the ordinary share capital.

Finsoe is also the joint holding company heading the Unipol financial group in accordance with Legislative Decree 142 of 30 May 2005.

Finsoe does not carry out any of the work of administering and coordinating Unipol, in accordance with Article 2497 *et seq.* of the Civil Code, because of its exclusive role as a shareholding company for Unipol and its Controlled Companies and because of the organisational and operational structure it has consequently assumed.

¹ This refers solely to the companies included in the Group's consolidation scope prior to 19 July 2012, the date on which the Premafin - Fondiaria SAI group was acquired.

Pursuant to article 2497-*bis* of the Civil Code, Unipol's Controlled Companies have declared that it is Unipol that administers and coordinates their work², with the exception of the subsidiaries of Unipol Banca S.p.A. - which itself directs and coordinates the work of the companies forming part of its Banking Group.

On 5 October 2011, ISVAP entered the Unipol Insurance Group, which is part of Unipol, in the Register of Insurance Groups referred to in Article 85 of Legislative Decree 209 of 7 September 2005 and ISVAP Regulation 15 of 20 February 2008 (the "Register").

In a letter date 20 December 2012, ISVAP informed the Company of the amendment made to its Register regarding the new consolidation scope of the Unipol Insurance Group and the resulting removal from the Register of "Gruppo Assicurativo Fondiaria – SAI".

3. OTHER INFORMATION

3.1 Bonuses for Directors

The Company has not entered into any agreements with its Directors providing for bonuses to be paid in the event of resignation, dismissal or termination of contract without just cause, or termination of contract as a result of a takeover bid. For more detailed information in this respect, see the Remuneration Report pursuant to art. 123-*ter*, TUF, available on the Company's website at www.unipol.it.

3.2 Rules governing the operation of Shareholders' Meetings

Articles 8 and 9 of the Company's By-Laws and the Rules for the Shareholders' Meeting govern the convocation and operation of Shareholders' Meetings. For a brief description of these rules see Chapter 11, Section II, of the Report.

3.3 Rules governing the composition, appointment and operation of the executive body

The composition, appointment and operation of the Board of Directors are governed by Articles 10, 11 and 12 of the Company's By-Laws. For a brief description of these rules see Chapter 11, Section II, of the Report.

3.4 Rules governing changes to the by-laws

Changes to the Company's By-Laws must be adopted by an Extraordinary Shareholders' Meeting, following approval, as required, by the respective Special Meetings of Shareholders of ordinary and preference shares or, with reference only to the changes introduced in accordance with legal requirements, by the Board of Directors.

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

² See note (1).

reporting

The main features of the risk management and internal control system in relation to financial reporting of Unipol are described in Article 6.3, Section II, of this Report.

4. COMPLIANCE

Unipol has adopted the Code of Conduct promoted by Borsa Italiana S.p.A. (viewable at www.borsaitaliana.it) since 2001. The corporate governance structure of Unipol is not affected by non-Italian legal provisions.

SECTION II
SYSTEM OF GOVERNANCE
AND INFORMATION REGARDING IMPLEMENTATION OF THE
CORPORATE GOVERNANCE CODE

(Section drawn up in accordance with Article 123-bis of the TUF)

1. BOARD OF DIRECTORS

Number of meetings held during the 2012 financial year: 17

Average length of meetings: 1.82 hours

Average attendance: 92.24%

Number of meetings scheduled for the 2013 financial year: 8 (including 2 already held, plus 1 extraordinary meeting)

1.1 Role, powers and operation

The Board of Directors is vested with full powers for the ordinary and extraordinary administration of the Company. It is therefore authorised to perform any action it deems appropriate, including the sale of assets, in order to achieve the Company's aims and objectives with the sole exception of those that the law expressly reserves for the Shareholders' Meeting.

In view of this central role played by the executive body, Article 13 of the Company's By-Laws grants powers to the Board of Directors to pass resolutions concerning:

- i) mergers and splits involving controlled companies, in cases allowed by law;
- ii) reduction of the share capital if a Shareholder should withdraw;
- iii) amendment of the Company's By-Laws to comply with legislation;
- iv) issuing of non-convertible bonds.

Under the Code of Corporate Governance, the Board of Directors, among other things:

- a) examines and approves the Company's and Group's strategic, business and financial plans, regularly monitoring their implementation;
- b) establishes:
 - the code of corporate governance, the corporate structure and the Group's governance models and guidelines;
 - the nature and level of risk compatible with the Group's strategic objectives;
 - the Sustainability Plan, the annual Sustainability Budget and the Sustainability Report;
- c) assesses the fitness of the Parent Company's organisational, administrative and accounting

- structure as well as its strategically important Operating Companies³, with particular reference to the internal control and risk management system;
- d) chooses from its members one or more Directors charged with setting up and maintaining an efficient internal control and risk management system; where the Company is concerned, this person is the Chairman of the Board of Directors;
- e) subject to the opinion of the Control and Risks Committee:
- defines the guidelines of the internal control and risk management system so that the risks to which the Company and the Operating Companies may be exposed are properly identified and adequately measured, managed and monitored; it also ascertains how compatible these risks are with managing the business in a way that is consistent with the identified strategic objectives;
 - assesses, at least once a year, to what extent the internal control and risk management system complies with the characteristics of the Parent Company and of the Group and with the risk profile, and how efficient it is;
 - approves, at least once a year, the work plan drawn up by the Audit Manager, having consulted with the Board of Statutory Auditors and the Chairman in his capacity as Director responsible for the internal control and risk management system, based on a well-planned analysis process and prioritisation of the main risks;
 - describes, in the corporate governance report, the main characteristics of the internal control and risk management system, giving its own assessment of the fitness of this system;
 - having heard the Board of Statutory Auditors, assesses the results set out by the auditor in any letter of suggestions and in the report on any basic issues that arose when carrying out the statutory audit;
- f) on a proposal by the Chairman – in his capacity as Director responsible for the internal control and risk management system – with the favourable opinion of the Control and Risks Committee, and having consulted with the Board of Statutory Auditors, appoints or replaces the Audit, Risk Management and Compliance Managers, making sure that they have adequate resources with which to perform their duties, and sets their remuneration in line with the pay policies adopted by the Company;
- g) sets up the appropriate and necessary working groups and committees, consisting of some of its members and having the task of making suggestions and providing advice, in order to ensure that the Company and the Group operate properly and grow;
- h) delegates powers to the Chief Executive Officer and revokes them and lays down the limits and procedures for exercising them; decides on the frequency, which must be at least quarterly, with which the bodies to which powers are delegated must report to the Board of Directors on the work carried out while exercising the powers delegated to them;

³ According to the Corporate Governance Code, the Operating Companies are considered to be "strategically important" if: i) the value of the holding in the Operating Company represents more than 50% of the equity of the Parent Company, as shown by the most recently approved financial statements, or, ii) the Operating Company, in view of the business it conducts as part of the Group and regardless of its assets, provides a contribution that the Board of Directors of the Parent Company believes to be decisive for the Group as a whole to achieve its core and strategic objectives.

- i) having taken account of the suggestions made by the Remuneration Committee, establishes the general policies containing the guidelines for remunerating the Directors and key Senior Executives of the Company (including the heads of the Audit, Compliance and Risk Management Departments) and the key Operating Companies;
- j) having taken account of the suggestions made by the Remuneration Committee and having consulted the Board of Statutory Auditors, fixes the remuneration of the Chief Executive Officer and the Directors who fulfil specific roles, including on the Advisory Committees, and, unless the Meeting has already voted on the matter, decides how the total amount of remuneration allocated to the Board of Directors is to be shared out among the individual members;
- k) with the assistance of the Appointments and Corporate Governance Committee, appoints and dismisses the members of the Company's Supervisory Body; with the assistance of the Remuneration Committee, fixes the remuneration of these members; once a year, based on proposals put forward by the Supervisory Body, approves the expenditure, including extraordinary expenditure, required to perform the supervision and control duties required by the Organisation and Management Model and the actual expenditure for the previous year;
- l) assesses overall business performance, taking particular account of information received from the bodies to which power has been delegated and regularly comparing results with targets;
- m) with the assistance, if required, of the Committee for Transactions with Related Parties, makes decisions regarding the transactions carried out by the Parent Company and/or the Operating Companies, if such transactions are likely to have a significant effect on the Company's strategy, profits, equity or investments, paying particular attention to situations in which one or more Directors have a personal interest or an interest on behalf of third parties and, more generally, to transactions with related parties. Therefore it lays down general criteria for identifying significant operations and takes steps to ensure that Operating Companies submit relevant operations to the Parent Company's Board of Directors for advance scrutiny;
- n) with the assistance of the Appointments and Corporate Governance Committee, carries out an appraisal, at least once a year, of the performance of the Board of Directors and its Committees (hereinafter referred to as the 'Board Performance Valuation'), and of its size and composition; this appraisal also taking into account aspects such as the professional qualifications, managerial and other experience, and gender-mix of its members, and how long they have been in office;
- o) bearing in mind the results of the aforementioned appraisal and before appointing the new Board, provides guidance to Shareholders on the professionals whom it considers advisable to have on the Board;

The Board of Directors, pursuant to Article 12 of the Company's By-Laws, shall meet at least quarterly. Under the same Article 12, the Board of Directors shall meet, also, whenever the Chairman, or his deputy, considers it appropriate, or when a request is made in writing by at least one third of the directors in office. The Board of Directors may also be convened by the Board of Statutory Auditors or at least one member thereof, with the Chairman being given prior notice.

The validity of resolutions passed by the Board of Directors is governed by Article 2388 of the Civil Code. In open ballots if there are the same number of votes the Chairman has the casting vote.

At the Board meetings held during the year, the Chief Executive Officer reported to the Board and the Board of Statutory Auditors on general performance and outlook, as well as on operations made by the Company and its subsidiaries, which because of their size and characteristics had a significant strategic, economic, or financial impact on the same.

The Chief Executive Officer, in particular, reported regularly to the Board of Directors on the progress of individual sectors of the Group, on its objectives and the activities undertaken, compared with the forecasts, plans and expected results.

In order to perform its duties, the Board of Directors relied on the activities of the Committees, including:

- the Chairman's Committee, the Appointments and Corporate Governance Committee, the Remuneration Committee and the Committee for Transactions with Related Parties, which expressed opinions in support of the Board of Directors and made proposals on the matters within their specific remit.
- the Control and Risks Committee and the Sustainability Committee/Ethics Committee, which reported regularly on the analyses and activities carried out, and the findings and proposals for operations and actions to be undertaken;

The documentation illustrating the topics for discussion is normally sent to the Directors and Statutory Auditors several days before the meetings, except in cases of urgency and/or the precautionary adoption of particularly rigorous confidentiality procedures. These procedures are normally additional to the customary use of IT management procedures (Virtual Data Room) for the aforesaid documentation which, in addition to allowing more efficient management of the Board's documentation, in terms of saving time and ensuring higher standards of confidentiality, establish effective measures to ensure compliance with the requirements of Legislative Decree 231 of 8 June 2001 and the Code of Conduct.

1.2 Composition

According to the Company's By-Laws, management of the Company is entrusted to a Board of Directors made up of no fewer than 15 and no more than 25 members, appointed by the Shareholders' Meeting after it has established their number, and fulfilling the requirements of professionalism, integrity and independence as required by current legal and regulatory provisions.

Directors are appointed for three years, or for a shorter period fixed by the Shareholders' Meeting when appointing them, and are eligible for re-election.

The Shareholders' Meeting held on 29 April 2010 appointed the Company's Board of Directors, consisting of 25 members, for a period of three financial years, that is until the Shareholders' Meeting was called to approve the financial statements for 2012.

Pursuant to article 10 of the Company's By-laws, and in accordance with current legal and regulatory provisions, the members of the Board of Directors were appointed on the basis of the single list presented by the controlling shareholder Finsoe.

Roberto Giay, Legal, Corporate and Holdings Director of Unipol was confirmed as Secretary of the Board of Directors, elected in accordance with Article 11 of the Company's By-Laws.

The Shareholders' Meeting held on 19 March 2012 confirmed the appointment of Adriano Turrini, pursuant to article 2386, paragraph 1, of the Civil Code, and in accordance with article 10 of the Company's By-laws. The aforesaid director's mandate will expire, together with that of the other members of the Board of Directors, on the day of the Shareholders' Meeting called to approve the financial statements for 2012. Furthermore, on 26 April 2012, Director Mario Zucchelli (a member of the Chairman's Committee) resigned from his position in the company's executive body under the terms of article 36 of Decree Law 201 of 6 December 2011, converted by Law 214/2011 "Defence of competition and cross-shareholdings in credit and financial markets" (the rules regarding so-called "interlocking directorates"). In view of this resignation, at the Board meeting of 10 May 2012, the Board of Directors appointed Vincenzo Ferrari. The aforesaid director's mandate will expire on the day of the next available Shareholders' Meeting, i.e. as of this Report, the Shareholders' Meeting called to approve the financial statements for 2012.

At the same Board meeting, the executive body also appointed the Directors Adriano Turrini and Vincenzo Ferrari as new members of the Chairman's Committee.

The composition of the Board of Directors is shown in Table 1. The CVs of the Directors are published on the Company's website at www.unipol.it.

Criteria for total number of posts that may be held in other companies

Directors accept their appointment if they consider that they have the time available to perform their duties diligently, bearing in mind the number of offices of Director or Statutory Auditor they hold in other companies listed on regulated markets (including foreign markets), in finance, banking or insurance companies or in large companies.

At its meeting held on 25 June 2009, the Board of Directors adopted a specific Regulation providing guidance on the maximum number of offices of director or statutory auditor that may be considered compatible with effective performance of the role of Director of the Company, in accordance with application criteria 1.C.2 and 1.C.3. of the Code of Conduct. The Regulation (which can be viewed in the Corporate Governance section of the Company's website at www.unipol.it) establishes some general principles, which take into account the role performed by the Director in other companies and the nature and size of these companies, and introduces different limits for the role of Chairman, Executive Director, Non-Executive Director or Independent Director of Unipol.

During its meeting on 14 February this year, on a proposal from the Appointments and Corporate Governance Committee, considering the bans introduced by article 36 of Decree Law 201 of 6 December 2011, converted, with amendments, by Law 214 of 22 December 2011 - which establishes the ban on assuming or exercising offices in competing companies or groups of companies operating in the credit, insurance and financial markets (the so-called "interlocking" ban

) - the Board of Directors approved the new text of the Regulation conforming to these legislative changes.

On 21 March 2013, the date on which this Report was approved, the Board carried out the annual assessment to confirm the continued fulfilment of requirements concerning the number of offices. The executive body determined that the situations of all the members of the Board of Directors were compatible with the performance of their duties.

1.3 Appointment and replacement of Directors

The Board of Directors is appointed on the basis of lists submitted by Shareholders who, as of the date of submission of these lists, are entitled to vote on the respective resolutions of the Shareholders' Meeting. These lists must be deposited at the Company's registered office at least 25 days before the date fixed for the Shareholders' Meeting. Furthermore, in the context of its powers to amend the Company's By-laws to comply with legal provisions, the Board of Directors, at its meeting held on 9 August 2012, amended the Company's By-laws in order to comply with the mandatory provisions introduced by Law 120 of 12 July 2011 into articles 147-*ter*, paragraph 1-*ter*, and 148 paragraph 1-*bis* of the TUF and by Consob Resolution No. 18098 into article 144-*undecies*.1 of the Issuers' Regulations regarding equality of access to the administration and control bodies of companies listed in regulated markets.

Members who, alone or in combination with other Members, hold the percentage shareholding established in accordance with current legislation and regulations, which will be stated from time to time in the notice of the Shareholders' Meeting, will be entitled to submit lists: as of the date of this Report, this percentage, last determined by Consob Resolution 18452 of 30 January 2013, is equal to 2.5% of the ordinary share capital..

The lists, which must be accompanied by full details of the candidates' personal and professional profiles indicating, if applicable, whether they can be deemed to be independent, are promptly published on the Company's website.

In accordance with Article 2386 of the Civil Code, if one or more Directors cease to hold office during the year, provided that the majority are Directors appointed by the Shareholders' Meeting, the following procedure will be followed:

- i) the Board of Directors shall appoint candidates on the same list as the Directors who have ceased to hold office, starting with the first unsuccessful candidate, provided that, if the candidate appointed is required to be independent and/or of the gender that is in the minority, the first unsuccessful independent candidate on the list and/or the first unsuccessful candidate of the gender that is in the minority will be appointed;
- ii) if there are no candidates left on this list who have not already been elected, the Board of Directors will replace the Directors who have ceased to hold office without observing the procedure outlined in point i), but the ratio between the gender required by current legislation and regulations must be observed.

Should the majority of the Directors appointed by the Shareholders' Meeting cease to hold office, the entire Board will be deemed to have resigned and a Shareholders' Meeting must be called without delay by the Directors remaining in office in order to reconstitute the Board in accordance with the above procedures.

When replacing Directors in accordance with Article 2386 of the Civil Code, Shareholders' Meeting will comply with the majorities laid down in law without any restrictions imposed by lists, but care must be taken to ensure that the Board of Directors has at least two members who fulfil the current legal and regulatory requirements relating to independence and that the ratio between the genders required by current legislation and regulations is observed.

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

1.4 Non-executive and independent directors

Under the Code of Conduct, with the exception of the Chief Executive Officer, the Board of Directors is made up of non-executive Directors, that is Directors having no executive powers and no strategic role or management post in the Company, in strategically important Controlled Companies or in the Holding Company.

Furthermore, pursuant to the Board of Directors resolution of 27 September 2012, when a number of organisational changes were made to the internal control system, powers were transferred to the Chairman Pierluigi Stefanini to act as the Director in charge of the internal control and risk management system and, therefore, as a result of this appointment, the Chairman of the Board of Directors assumes the title of executive director, as illustrated in paragraph 6.2 below.

The Company pays particular attention to the requirement for its Directors to be substantially independent, adopting a strict interpretation of the provisions of the Code of Conduct, in order to ensure that the interests of all Shareholders, whether majority or minority, are represented. Consequently the Company has decided to exclude from its independent Directors – regardless of whether they fulfil one or more of the conditions in application criterion 3.C.1 of the Code of Conduct – Directors who:

- (i) hold posts in the management bodies of the direct holding company Finsoe;
- (ii) hold posts in the management bodies of organisations that are parties to shareholders' agreements for control of the Company or that contain clauses relating to the composition of the Company's Board of Directors or of the boards of companies controlled by them within the meaning of Article 2359, paragraph 1, of the Civil Code.

The annual assessment of the independence of Directors was carried out at the meeting held on 21 March 2013. The Board of Directors adopted the guidelines set by CONSOB in its communication DEM/10046789 of 20 May 2010, which states that the "definition of an independent director in the combined provisions of Articles 147-ter, paragraph 4, and 148, paragraph 3, of the TUF allows the appointment of an independent director of a listed company as an independent

director of one or more subsidiaries of the listed company without this of itself determining a loss of independence.”

The outcome of these assessments is illustrated in Table 1.

Pursuant to application criterion 3.C.5. of the Code of Conduct, the Board of Statutory Auditors reports on the outcome of the checks carried out to ensure that the criteria and checking procedures adopted by the Board of Directors for assessing the independence of its members are properly applied in its report to the Shareholders' Meeting.

On 19 December 2012, in accordance with the provisions of Code of Conduct under application criterion 3.C.6., a meeting of the Independent Directors was held, with the participation, at the request of these Directors, of the Chairman and the Chief Executive Officer. Among the topics discussed at this meeting were the strategic vision of the Company and the Group to which it belongs, the business outlook and the most significant investments.

1.5 Lead Independent Director

The Chairman has no executive powers and no specific role in strategic planning. The separation of the posts of Chairman and Chief Executive Officer makes it unnecessary to appoint a Lead Independent Director, the requirements referred to in application criterion 2.C.3 of the Code of Conduct are not fulfilled.

1.6 Remuneration

The Shareholders' Meeting held on 29 April 2010 resolved to pay each Director an annual fee of €50,000.00, plus an attendance fee for each board meeting in the amount of €1,500.00.

The Shareholders' Meeting also voted to take out third-party liability insurance, including legal protection, to cover the risks arising out of the legal and contractual duties inherent in the post of Director and the associated legal defence costs to borne by the Company up to an annual maximum amount of €250,000, including tax, providing cover of up to a maximum of €50m.

After consultation with the Remuneration Committee and the Board of Statutory Auditors, at its meeting held on 13 May 2010 the Board of Directors fixed the remuneration for the offices of Chairman, Vice Chairman and Chief Executive Officer.

The Board of Directors assigned a fixed fee of €1,500.00 to members of Board committees for their attendance at each meeting.

The remuneration paid to Non-Executive Directors is not linked to the Company's financial results, nor are there any plans to offer members of the Board of Directors incentives in the form of shares or incentives based on any other financial instruments. In accordance with normal market practice and with the provisions of the Code of Conduct relating to the correlation between the remuneration of senior posts in the company and business results, the Chief Executive Officer is

paid a variable short- and long-term element calculated by applying the criteria laid down in the system of variable remuneration for the Group's Senior Executives, as described below.

During 2011, the Board of Directors approved the changes to the system for remunerating the Unipol Group's Senior Executives to take account of new legislation introduced as a result of the publication by the Bank of Italy of the 'Provisions relating to remuneration and incentive policies and practices in banks and banking groups' and by ISVAP of Regulation 39 relating to remuneration policies in insurance companies. The changes related to both the short-term and the long-term components (STI and LTI respectively) and were intended to introduce into the incentive scheme elements that could link variable remuneration to the pursuit of the Company's medium-long-term interests and its risk management policy.

During 2012, the Board of Directors established the general remuneration policy for the members of the management bodies and Senior Executives of Unipol with strategic responsibilities for 2012, which were substantially in line with the policy for the previous financial year.

On 21 March 2013, the Company's Board of Directors updated the general policy on the remuneration of management bodies and Senior Executives of Unipol with strategic responsibilities for the current financial year and also approved the Remuneration Report drawn up in accordance with article 123-*ter* of the TUF and the Information Document on Remuneration Plans Based on Financial Instruments pursuant to article 114-*bis* of the TUF, which will be presented to the Shareholders' Meeting convened to approve the financial statements for 2012. Information on the objectives of the Remuneration Policy, the principles on which it rests, the criteria for ascertaining the ratio between the fixed and variable components, the performance targets to which the variable components are linked, the vesting period and the incentive mechanisms for the Heads of the Internal Control Departments are contained in the Remuneration Report (which can be viewed, together with the Information Document on Remuneration Plans Based on Financial Instruments, in the Corporate Governance section of the Company's website at www.unipol.it). This document also contains details of the remuneration received during the year by the members of the Board of Directors and the Chief Executive Officer and the total remuneration received by the Senior Executives with strategic responsibilities.

1.7 Annual self-assessment

The Board Performance Valuation activities relating to the size, composition and operation of the Board of Directors and the Board Committees was carried out by the Appointments and Corporate Governance Committee with the help of a leading outside consultant and involved: (i) individual discussion with each Director based on a self-assessment questionnaire; (ii) analysis of the information and comments that emerged; and (iii) discussion during the Board meeting held on 21 March 2013, the date on which this Report was approved, of a report on the main results.

These activities produced the following results:

- satisfaction with the performance of the Board of Directors in the management and control of risks and the clarity and appropriateness of the Group's strategy, despite the delicate and complex context, and evidence of the high degree of cohesion and solid agreement regarding objectives and strategic vision that characterised the operations of the Board, particularly in finalising the acquisition of the Premafin - Fondiaria SAI group;
- satisfaction with the quality and continuity of relations with the Chairman and the Chief Executive Officer, with the harmonious and complementary way in which they operate and their proactive commitment to providing the Board with informative analyses of the external context, the business and the strategy;
- appreciation for all the Committees, particularly the Control and Risks Committee, the Related Parties Committee and the Ethics and Social Responsibility Committee;
- appreciation for the effectiveness and quality of relations between the Directors and between the Board and the Board of Statutory Auditors;
- satisfaction with the quality of relations with the stable controlling shareholders, relations which are viewed as a clear competitive advantage;
- growing attention to enriching the mix of skills of Directors, experience and gender diversity, in view of renewing the Board of Directors, and the establishment, in view of this renewal of the Board, of a specific guidance and induction programme for new Directors as well as appropriate and ongoing training and updating plans for all Directors;
- perception of a need to dedicate more time to aspects of business strategy and evolution, urging individual Directors to make an even greater contribution to discussions, considering the appropriateness of intensifying meetings external to those of the Board aimed at focusing on strategies.

Finally, in accordance with the Code of Conduct for listed companies (application criterion 1.C.1 letter h), for the purpose of appointing the new Board of Directors during the Shareholders' Meeting convened to approved the financial statements for 2012, the existing Board of Directors, with the assistance of the Appointments and Corporate Governance Committee, during the Board meeting held on 21 March 2013, considering in particular the results of the Board Performance Valuation, expressed its opinion regarding the optimum size and composition of the executive body and the professionals skills it considers to be appropriate.

2. THE CHAIRMAN

The Chairman is elected by the Board of Directors from among its own members for three years or any shorter period for which the Board is to remain in office.

On 29 April 2010, the Board of Directors elected Pierluigi Stefanini as Chairman of the Company.

The Chairman gives impetus to the Board of Directors, promoting transparency in the Company's business activities and ensuring that all shareholders are represented.

In particular, subject to his power to represent the Company, within the limits established in the Company's By-Laws, without this implying any involvement on his part in the management of the

business, which is the responsibility of the bodies assigned to this function, he may work to ensure stable of relations between the executive body and the Directors holding specific offices, ensuring that they perform their duties effectively and work as a team.

The Chairman ensures that, following their appointment and during their period of office, the Directors and Statutory Auditors are able to take part in initiatives designed to give them an appropriate understanding of the business sector in which the Company operates, the dynamics of the business and how their evolution, and the relevant legal framework.

By keeping in constant touch, the Chairman and the Chief Executive Officer identify opportunities and risks affecting the insurance, banking and financial business in general, and the Chairman will keep the Board of Directors informed so that it can decide how best to direct and coordinate the Company and the Group to which it belongs. The Chairman ensures that he listens to the aspirations of Shareholders, translating them into strategic and operational guidelines for the Board of Directors. The Chairman is also expected to ensure that, while achieving good financial results and a healthy balance sheet, the quality of the management is such as to guarantee consistent results, competitiveness in the market and the protection of resources and equity.

In order to ensure the proper running of the organisation, the Chairman has access to all the information held by the Company and notifies the Chief Executive Officer of any information not acquired through him.

The Chairman, whether at the request of one or more Directors or otherwise, may ask the Chief Executive Officer and the executives of the Company and Operating Companies responsible for the various business departments, according to the subject being discussed, to take part in Board meetings in order to provide appropriate detailed analyses regarding the items on the agenda.

In agreement with the Chief Executive Officer⁴, the Chairman is also charged with the following:

- scheduling the work of the Board of Directors with regard to the issues from time to time placed on the agenda, doing his best to ensure that the Directors and Statutory Auditors are able to familiarise themselves with the documentation relating to the items on the agenda in good time;
- after consulting with the Appointments and Corporate Governance Committee, submitting names to the Board of Directors for the posts of General Manager and Deputy General Manager;
- after consulting with the Appointments and Corporate Governance Committee, submitting names to the Board of Directors for appointments to the Company's Advisory Committees;
- submitting names to the Board of Directors for the posts of Director and Statutory Auditor, and of Chairman, Vice Chairman and General Manager (and/or Chief Executive Officer) of

⁴ Under the terms of the Corporate Governance Code, if the Chief Executive Office finds himself in a situation where there is a potential conflict of interests in performing the functions that the Chief Executive Office has to perform in agreement with the Chairman, these functions must be performed by the Vice Chairman instead.

the key businesses (whether they be Operating Companies of strategic importance or participating interests), after the appropriate prior consultations and after having submitted these names to the Appointments and Corporate Governance Committee;

- indicating the names to be submitted to the relevant decision-making bodies for the posts of Director, Statutory Auditor and Chairman, Vice Chairman and General Manager (and/or Chief Executive Officers) of minor Controlled Companies and participating interests;
- expressing the Company's approval for the Operating Companies to appoint trustees in the various minor subsidiaries and participating interests;
- proposing to the relevant decision-making bodies the level of total or individual remuneration to be paid to the members of the Board of Directors of the Operating Companies, in accordance with the guidelines laid down in the general policies resolved by the Board of Directors;
- proposing to the relevant decision-making bodies the level of remuneration to be paid to the Operating Companies' Chairmen, Vice Chairmen and General Managers (and/or Chief Executive Officers), in accordance with the guidelines laid down in the general policies resolved by the Board of Directors;
- providing the Remuneration Committee with suggestions for the wording of the proposals to be submitted to the Board of Directors on the general policies for the remuneration of the General Manager, Vice General Manager and other key Senior Executives of the Company and the key Operating Companies;
- submitting to the Board of Directors, in accordance with the guidelines laid down in its general policies, proposals on the remuneration to be paid to the Company's General Manager and on determining the level of remuneration, specifying the performance objectives on which the variable element of the remuneration is based;
- in accordance with the guidelines laid down in the general policies resolved by the Board of Directors, determining the remuneration of the key Senior Executives of the Company and the key Operating Companies, fixing the performance objectives on which the variable element of their remuneration is based.

The Chairman is automatically a member of the Chairman's Committee, automatically attends the meetings of the Appointments and Corporate Governance Committee, the Remuneration Committee and the Committee for Sustainability Committee/Ethics Committee and is invited to attend the meetings of the Control and Risks Committee.

3. THE VICE CHAIRMAN

The Vice Chairman is elected by the Board of Directors from among its own members for three years or any shorter period for which the Board is to remain in office.

On 29 April 2010 the Board of Directors elected Piero Collina as the Company's Vice Chairman.

The Vice Chairman, together with Chairman, the Chief Executive Officer and the other members appointed by the Board of Directors, make up the Chairman's Committee. The Vice Chairman automatically attends the meetings of the Appointments and Corporate Governance Committee, the Remuneration Committee and the Sustainability Committee/Ethics Committee and is invited to attend the meetings of the Control and Risks Committee.

In order to enable the Company to be properly run, if the Chairman is absent or prevented from fulfilling his duties the Vice Chairman has the same powers to act, in doing so has access to all the information within the Company and informs the Chief Executive Officer of information acquired from other sources.

4. THE CHIEF EXECUTIVE OFFICER/GENERAL MANAGER

The Chief Executive Officer is elected by the Board of Directors from among its own members for three years or any shorter period for which the Board is to remain in office.

On 29 April 2010, the Board of Directors elected Carlo Cimbri as the Company's Chief Executive Officer.

The Chief Executive Officer - in his capacity as the executive director of the company - performs the following functions:

- a) jointly with the Chairman:
 - identifies the strategies relating to the general direction of the Company and the Unipol Group to be submitted to the Board of Directors;
 - performs a prior examination of transactions to be proposed from time to time to the Board of Directors which, according to the criteria laid down by the Board of Directors, are likely to have a significant economic, equity-related and financial impact, particularly any significant Transactions with Related Parties;
 - ensures that the Directors can carry out their duties effectively and with full knowledge of the facts;
- b) ensures that the objectives laid down by the Board of Directors are pursued by issuing the relevant operating guidelines; working with the Company's Senior Executives to ensure that the resolutions passed by the Board of Directors are implemented and that the business is properly run;
- c) establishes the direction and lines of action pursued by the Group as a whole, overseeing the proper conduct of vertical relations between the Company and the various Group entities;
- d) draws up any proposals for supplementing the annual auditing plan and may require that specific auditing measures not provided for in the plan itself are undertaken;

- e) identifies, in agreement with the Chairman, potential candidates for the posts of General Manager and Deputy General Manager of the Company so that the Chairman may submit them to the Appointments and Corporate Governance Committee and propose them to the Board of Directors;
- f) identifies, in agreement with the Chairman, potential candidates for the posts of Director and Statutory Auditor and of Chairman, Vice Chairman and General Manager (and/or Chief Executive Officer) of the key businesses (whether they be Operating Companies of strategic importance or participating interests), so that the Chairman may submit them to the Appointments and Corporate Governance Committee and propose them to the Board of Directors;
- g) submits to the Chairman potential candidates for the posts of Director and Statutory Auditor, and of Chairman, Vice Chairman and General Manager (and/or Chief Executive Officer) of minor Subsidiaries and participating interests;
- h) submits to the Chairman the names of potential candidates for the posts of trustees in the various minor subsidiaries and participating interests to be appointed by the Operating Companies with the approval of the Parent Company;
- i) has overall responsibility for the process of appointing 'key Group personnel' to cover the principal managerial posts in the various Group entities;
- j) in agreement with the Chairman, providing the Remuneration Committee with suggestions for the wording of the proposals to be submitted to the Board of Directors on the general policies for the remuneration of the General Manager, Deputy General Manager and other key Senior Executives of the Company and the key Operating Companies;
- k) in agreement with the Chairman, submits to the Board of Directors, in accordance with the guidelines it has laid down in the general policies, proposals on the remuneration to be paid to the Company's General Manager and on determining the level of the remuneration, specifying the performance objectives on which the variable element of the remuneration is based;
- l) in agreement with the Chairman, determines the remuneration of the key Senior Executives of the Company and the key Operating Companies, fixing the performance objectives on which the variable element is based, in accordance with the guidelines laid down in the general policies by the Board of Directors;
- m) in agreement with the Chairman, proposing to the relevant decision-making bodies the level of total or individual remuneration to be paid to the members of the Board of Directors of the Operating Companies, in accordance with the guidelines laid down in the general policies by the Board of Directors;
- n) in agreement with the Chairman, submits proposals for the remuneration of the Chairmen and Vice Chairmen of the Operating Companies to the relevant decision-making bodies, in accordance with the guidelines laid down in the general policies by the Board of Directors.

If the Chief Executive Officer has a potential conflict of interest, the functions listed above that are expected to be fulfilled by the Chief Executive Officer in agreement with the Chairman are exercised instead by the Vice Chairman.

The Chief Executive Officer is automatically a member of the Chairman's Committee, automatically attends meetings of the Appointments and Corporate Governance Committee, the Sustainability Committee/Ethics Committee and the Remuneration Committee in an advisory capacity and is invited to attend the meetings of the Control and Risks Committee.

The Chief Executive Officer also holds the office of General Manager, under the terms of the Board of Directors resolution pursuant to article 15 of the Company's By-laws, and as such he therefore oversees the management of the Group's business in accordance with the strategic plan.

5. THE COMMITTEES

Under the powers conferred to it by the Company's By-Laws, the Board of Directors has deemed it appropriate to set up specific committees consisting of some of its members in order to increase the efficiency and the effectiveness of its activities. These committees have a consultative and advisory role and their duties are also based on the criteria provided in the current Code of Conduct.

As of 2001, therefore, there has been a Remuneration Committee and an Internal Control Committee which, as of last year, in accordance with the changes made to the Code of Conduct, has been known as the Control and Risks Committee. In 2007, the Appointments Committee was established, which, as of 2010, has been known as the Appointments and Corporate Governance Committee, along with the Chairman's Committee and the Social Responsibility Committee which, as of 2011, has been known as the Sustainability Committee. Following approval of the Code of Ethics, in March 2009 the latter also took on the role of Ethics Committee.

Finally, in 2010, the Committee for Transactions with Related Parties was established in compliance with the relevant legislation.

Within the limits laid down by the Board of Directors and subject to its approval, the Committees are authorised to access the information they require to perform their duties and to use external consultants.

5.1 The Chairman's Committee

The Chairman's Committee consists of the Chairman of the Board of Directors, the Vice Chairman, the Chief Executive Officer and other Directors appointed by the Board of Directors.

The Board of Directors appointed by the Shareholders' Meeting on 29 April 2010, appointed the members of the Chairman's Committee in a session held on the same day.

In a resolution dated 10 May 2012, the executive body appointed two members of the Chairman's Committee and, in particular, Vincenzo Ferrari - appointed Director of Unipol to replace the resigning Director Mario Zucchelli during the same Board meeting - and Adriano Turrini, confirmed

in his post by the Shareholders' Meeting of 19 March 2012, pursuant to article 2386, paragraph 1, of the Civil Code.

The composition of the Chairman's Committee is shown in Table 3.

The Chairman's Committee has an advisory role and assists in identifying the policies for growth and guidelines for the strategic and operational plans to be submitted to the Board of Directors, in particular on the following matters:

- policies on dividends and/or remuneration of capital;
- operations of an extraordinary nature that have to be put to the Meeting, in particular capital increases and issues of convertible bonds, mergers, splits, distribution from provisions, acquisition of treasury shares and changes to the Company's 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 capital and reserves or on the price of shares, such as acquisitions or disposals of major investments, mergers or alliances with other groups and significant changes to the structure or composition of the Group;
- the Company's and the Group's strategic multiannual plans and annual budgets.

The Committee met 18 times during the financial year.

During these meetings the Chairman's Committee has provided advice and assistance in accordance with the Code of Corporate Governance.

5.2 The Appointments and Corporate Governance Committee

The Board of Directors appointed by the Shareholders' Meeting on 29 April 2010, appointed the members of the Appointments and Corporate Governance Committee in a session held on the same day.

The composition of the Appointments and Corporate Governance Committee is shown in Table 3.

The Committee ensures that the Directors are suitably independent of management, playing an advisory and consultative role in determining the optimal composition of the Board of Directors and in defining the corporate governance system, as the body vested with the following functions:

- a) proposing candidates for the post of Director to the Board of Directors in cases of co-optation, should it be necessary to replace independent Directors;
- b) deciding on the timetable and procedures for carrying out the Board Performance Valuation;
- c) providing the Board of Directors with information and updates on regulations and best practice relating to corporate governance.

The Appointments and Corporate Governance Committee is then called upon to advise on:

- appointment of the members of the Company's Advisory Committees;
- appointment of the Company's General Manager and Deputy General Manager;
- candidates for the posts of Director and Statutory Auditor, and of Chairman, Vice Chairman and General Manager (and/or Chief Executive Officer) of the major companies (whether they be key Operating Companies or participating interests). For this purpose, the Chairman's task is to submit the names of these candidates to the Appointments and Corporate Governance Committee, in agreement with the Company's Chief Executive Officer;
- implementing the Group's code of corporate governance and the governance model and guidelines;
- the size and composition of the Board of Directors, recommending the professionals whose presence on the Board of Directors is deemed appropriate, as well as the maximum number of appointments and exceptions to the ban on competition.

The Appointments and Corporate Governance Committee met 6 times during 2012 and carried out the following work:

- a) established the criteria and procedures for conducting the annual Board Performance Valuation with the support of an external advisor;
- b) submitted an opinion to the Board of Directors, having examined the results of the Board Performance Valuation, for the purposes of the executive body's guidance regarding the size and composition of the Board of Directors;
- c) informed and supported the Board of Directors in amending the Company's By-laws to comply with the provisions of Law 120 of 12 July 2011 regarding equality of access to the administration and control bodies of listed companies;
- d) examined the internal procedures adopted for the correct application of article 36 of Decree Law 201 of 6 December 2011, converted by Law 214/2011 "Defence of competition and cross-shareholdings in credit and financial markets" (the rules regarding so-called "interlocking directorates"), in accordance with the application criteria announced by the Bank of Italy, CONSOB and ISVAP in the joint document of 20 April 2012;
- e) examined the 2011 Annual Report on corporate governance;
- f) expressed opinions, in accordance with the Code of Conduct, regarding:
 - the changes made to the Corporate Governance Code in September 2012;
 - proposals made for the appointment of members of the Board of Directors and other offices in the Controlled Companies;
 - the appointment of new members of the Chairman's Committee of Unipol;
 - the changes made to the Rules regarding "Limits on the maximum number of offices held by the directors of Unipol Gruppo Finanziario S.p.A.", approved by the Board of Directors of the Company at the meeting held on 14 February this year;
 - the annual check on the independence of Directors and Statutory Auditors.

The meetings of the Appointments and Corporate Governance Committee were attended, at the Chairman's invitation, by employees of the company and external individuals and organisations, in order to assist with discussions regarding the items on the agenda.

5.3 The Remuneration Committee

The Board of Directors appointed by the Shareholders' Meeting on 29 April 2010, appointed the members of the Remuneration Committee in a session held on the same day.

At its meeting held on 10 November 2011 the Board of Directors voted to increase the number of Directors on the Committee by appointing Director Pier Luigi Celli as a member.

The composition of the Committee is shown in Table 3.

The Chairman of the Board of Directors, the Vice Chairman and the Chief Executive Officer automatically attend meetings of the Remuneration Committee in an advisory capacity; the Chairman of the Board of Statutory Auditors or another Statutory Auditor designated by him also automatically attends.

The Remuneration Committee carries out investigations, makes suggestions and gives advice. In particular it:

- submits proposals to the Board of Directors on the general policies for remunerating the Directors and key Senior Executives of the Company (including the Heads of the Audit, Compliance and Risk Management Departments) and the key Operating Companies;
- submits proposals to the Board of Directors on the remuneration of the CEO and of Directors who fulfil specific roles, and on specifying the performance objectives on which the variable element of this remuneration is based, in line with the general remuneration policies adopted by the Board of Directors;
- monitors the application of the resolutions passed by the Board of Directors, in particular ensuring that the performance objectives have actually been reached;
- periodically evaluates the appropriateness, overall coherence and actual application of the general policies for remunerating the Directors and key Senior Executives of the Company (including the Heads of the Audit, Compliance and Risk Management Departments) and the key Operating Companies, using, for this last purpose, the information provided by the Chief Executive Officer and submitting the relevant proposals to the Board of Directors.

The Chairman of the Committee is responsible for gathering information and submitting the relevant data to the Remuneration Committee, ensuring that the various items to be dealt with are accompanied by all the information required for them to be discussed with full knowledge of the facts.

No Director or Statutory Auditor takes part in the meetings of the Remuneration Committee in which proposals relating to his own remuneration should be made to the executive body unless the proposals relate to the remuneration to be paid to all the Directors or Statutory Auditors.

In order to fulfil the duties entrusted to it the Remuneration Committee may, within the financial constraints laid down by the Board of Directors, consult outside experts on remuneration policies, provided that (i) the consultants do not at the same time provide services likely to compromise their independence to any corporate structure dealing with human resources, to the Directors or to key Senior Executives and (ii) the corporate structures dealing with human resources and the CEO do not raise the objection that any consultants identified are incompatible with the overall corporate context.

During the 2012 financial year, the Remuneration Committee held 4 meetings, during which it performed the following activities in particular:

- examined and proposed to the Board of Directors the adoption of a Remuneration Policy for 2012, for Unipol and the Group's insurance and banking companies;
- expressed a favourable opinion to the Board of Directors regarding the adoption of the UPM 2012 Incentive System, the respective Regulation and the associated remuneration plan based on financial instruments pursuant to article 84-*bis* of the Issuers' Regulations;
- examined and approved the Remuneration Report drawn up for Unipol pursuant to article 123-*ter* of the TUF;
- with regard to the final UPM System report for 2011, given that the conditions for payment of the short-term variable portion were not met, expressed its favourable opinion regarding the Board of Director's reasoned proposals for payment, within the term established by the respective Regulations, of the long-term variable portion.

The Committee also met during the current year to draw up the Remuneration Policy proposal for 2013 illustrated in paragraph 1.6 – Section II – of the Report, as well as the remuneration policy proposals for the controlled companies in the insurance and banking sectors.

5.4 The Control and Risks Committee

The Board of Directors appointed by the Shareholders' Meeting on 29 April 2010, appointed the members of the Internal Control Committee (now known as the Control and Risks Committee) in a session held on the same day.

The Control and Risks Committee Chairman, Massimo Masotti, has the appropriate accounting and financial experience, as assessed by the Board of Directors at the time of his appointment.

The composition of the Control and Risks Committee is shown in Table 3.

Average length of meetings: 120 minutes approximately.

Number of meetings scheduled for the 2013 financial year: 8 (including 2 held already).

The Committee provides the Board of Directors with suggestions, advice and assistance relating to the executive body's assessments and decisions, principally concerning the internal control and risk management system and approval of the periodic accounting documents.

The main tasks performed by the Control and Risks Committee in carrying out these duties are:

- a) expressing opinions to the Board of Directors with a view to:
 - establishing guidelines for the internal control and risk management system in such a way that the principal risks affecting the Company and the Unipol Group companies can be correctly identified and properly measured, managed and monitored, while also determining how compatible these risks are with managing the business in a way that is consistent with the identified strategic objectives;
 - assessing, at least once a year, to what extent the internal control and risk management system complies with the characteristics of the business and its risk profile, and how effective it is;
 - approving the work plan drawn up by the Audit Manager, having consulted with the Board of Statutory Auditors and the Director responsible for the internal control and risk management system;
 - preparing the annual corporate governance report describing the main features of the internal control and risk management system and assessing its appropriateness;
 - after consulting with the Board of Statutory Auditors, assessing the results set out by the auditor in any letter of suggestions and in the report on any basic issues that have arisen during out the statutory audit;
- b) expressing a favourable opinion on the proposal to appoint and revoke the appointments of the Heads of Audit, Risk Management and Compliance and on their remuneration, in line with the guidelines adopted by the Board of Directors;
- c) together with the Manager in charge of financial reporting and having consulted with the auditor and the Board of Statutory Auditors, assessing whether the accounting principles are being applied correctly and whether they are sufficiently standardised for the purpose of drawing up the Company's individual financial statements and the Group's consolidated financial statements;
- d) examining the processes whereby the Companies in the Group prepare the periodic accounting documents so that the consolidated and individual financial statements can be drawn up;
- e) expressing opinions on specific aspects concerning identification of the main company risks; examining the periodic reports designed to assess the internal control and risk management system, and those of particular relevance prepared by the Audit Department;
- f) monitoring the autonomy, appropriateness, efficiency and effectiveness of the Audit Department;
- g) it may ask the Audit Department to carry out audits on specific operating areas, simultaneously notifying the Chairman of the Board of Directors, the Chief Executive Officer and the Chairman of the Board of Statutory Auditors of these;

- h) reporting to the Board, at least every six months, when approving the annual and interim financial report on the business carried out and the appropriateness of the internal control and risk management system.

The Committee has appropriate instruments and flows of information to enable it to perform its duties. These are mostly provided by the Company's Audit, Compliance and Risk Management Departments and enable the Committee to carry out the checks entrusted to it. The Control and Risks Committee may also:

- require the representatives of the boards of Group companies to provide the information and documentation it needs to be able to perform its duties properly;
- propose that external consultants be appointed to assist the Committee to carry out the duties entrusted to it, giving reasons why it is desirable.

The Control and Risks Committee, particularly in view of the responsibilities placed on the Board of Statutory Auditors by Legislative Decree No. 39/2010 in its capacity as the internal control and auditing committee, liaises as appropriate with the Board of Statutory Auditors in order to ensure the efficient and orderly performance of activities considered to be common to both of these bodies and in compliance with their specific responsibilities. In order to ensure that these contacts are effective and fruitful, as well as cost-effective, during 2012 the entire Board of Statutory Auditors attended the meetings of the Committee.

If deemed necessary and/or appropriate for the proper and adequate performance of its duties, the Committee submits a proposal to the Board of Directors for the allocation of a specific budget.

The Control and Risks Committee met 9 times during 2012 and twice in 2013, examining and assessing the following in particular:

- reports of activities performed by the Audit function during the Financial Year, including specific control measures required by the annual plan and/or external to it, agreed with the Committee itself;
- reports of activities performed by the Risk Management function during the Financial Year;
- reports of activities performed by the Compliance function during the Financial Year 2012 and of the activity plan for the financial year 2013;
- correct application of accounting principles and uniformity of the accounting principles used in drawing up the consolidated financial statements and internal control system relating to the accounting and financial report (Law 262/2005), by means of meetings with the relevant Manager in charge of financial reporting and the auditing company;
- proposals relating to the general remuneration policies for Directors and Senior Executives with strategic responsibilities of Unipol, with reference to the Audit, Compliance and Risk Management function Managers, expressing its favourable opinion in this respect;
- requests for information received from the Supervisory Authority IVASS and CONSUB;

- annual proposals for updating the Directives on the internal control and risk management system, issuing specific opinions;
- the draft Annual Corporate Governance and Ownership Structure Report for the financial year 2012;
- the results of analytical auditing measures, prioritising analysis of the underwriting and claim settlement functions in the Non-Life, Life, Banking, Finance and IT areas, and results of the electronic auditing systems for the network of agencies.

The Committee also examined the content of this Report, with reference to the description of the main characteristics of the internal control and risk management system, making an assessment of the appropriateness of this system;

Finally, the Committee reported to the Board of Directors on the activities performed and the results achieved on presentation of the half-year report to 30 June 2012 and approval of the draft financial statements for 2012.

The meetings of the Control and Risks Committee were attended by non-members invited to attend meetings to discuss individual items on the agenda.

5.5 The Sustainability/Ethics Committee

The Board of Directors appointed by the Shareholders' Meeting on 29 April 2010, appointed the members of the Sustainability Committee in a session held on the same day.

The composition of the Committee is shown in Table 3.

The Sustainability Committee performs investigatory and advisory duties, carrying out the following tasks in particular:

- examining the guidelines and procedure for drawing up the Sustainability Plan and the annual Sustainability Budget;
- examining the draft Sustainability Report and the procedures for drawing it up;
- regularly updating the principal preparations for implementing the Group's Sustainability objectives in full;
- advising the Chairman and the Chief Executive Officer on the specific procedures for providing information on and publishing the Sustainability Plan, the Sustainability Budget and the Sustainability Report;
- regularly monitoring whether the indicators contained in the Sustainability Plan are in line with the Group's operational and business activities.

In accordance with the principles expressed in the Code of Ethics, the Board of Directors has entrusted the Sustainability Committee with the advisory, consultative and decision-making functions of the Ethics Committee, allocating it the task of:

- ensuring that the principles of the Group's Code of Ethics, business policies and mission statement are consistent with one another;
- helping to set up the various initiatives aimed at promoting knowledge and understanding of the Code of Ethics;
- drawing up the communications and ethical training programme and submitting it to the Board of Directors for examination;
- reviewing the Code of Ethics and if necessary regularly updating and/or amending it;
- ensuring that the Code of Ethics is observed. In order to do so it may, through the Head of Ethics, acquire all the information and documentation required to monitor whether the Code of Ethics is being observed by the people to whom it is addressed;
- expressing opinions on the more complex information received by the Head of Ethics relating to alleged infringements of the Code;
- approving and assessing the Ethics Report drawn up by the Ethics Manager, providing for it to be published in the Sustainability Report.

In 2012, the Committee met (i) 3 times in its capacity as the Sustainability Committee and (ii) 4 times in its capacity as the Ethics Committee.

During these meetings the Sustainability Committee examined the progress of the 2010 - 2012 Sustainability Plan in particular and suggested ways of making further improvements to the Group's sustainability strategy, policies and initiatives. It also examined the 2011 Sustainability Report, which was subsequently approved by the Board of Directors, and the Sustainability Budget for 2012, which was drawn up for internal use only.

At its four meetings the Ethics Committee examined the information received by the Head of Ethics and took measures to tackle the most significant cases. It discussed and approved the 2011 Ethics Report, brought it to the attention of the Board of Directors and published it in full as part of the Sustainability Report. It also paid particular attention to deciding how to promote the Code of Ethics. In this respect, it is worth mentioning "EticaMente", the process launched to familiarise employees of the Group and its network of agencies with the Code of Ethics. Implemented using the Unipol Web Academy remote training platform, the process attracted a large number of employees, who expressed their general appreciation for the initiative by completing an assessment questionnaire.

5.6 The Committee for Transactions with Related Parties

At its session on 11 November 2010, the Board of Directors appointed the members of the Committee for Transactions with Related Parties.

The composition of the Committee for Transactions with Related Parties is shown in Table 3.

The Committee has an advisory and consultative role in respect of the Board of Directors and the various departments of Unipol and the Operating Companies on transactions with related parties (the 'Transactions'), in accordance with the Regulation issued by CONSOB in its resolution 17221 of 12 March 2010 as amended and with the internal procedures adopted by Unipol for carrying out such Transactions (cf. Paragraph 9 as follows).

In particular, the Committee:

- advises the Parent's Board of Directors on the procedures for setting up, compiling and updating the register in which related parties are recorded (the 'Register');
- provides the body charged with making the decision with a reasoned non-binding opinion on the advisability of the Company carrying out any Transaction of Minor Relevance (as defined in the internal procedures) and on the suitability and substantial appropriateness of the terms and conditions;
- provides the body charged with making the decision with a reasoned binding opinion, based on full and timely information provided by the relevant department during the investigation stage and, if appropriate, the negotiating stage, on the advisability of the Company carrying out any Transaction of Major Relevance (as defined in the internal procedures) and on the suitability and substantial appropriateness of the terms and conditions;
- provides the body authorised to examine or approve Transactions carried out through the Operating Companies with a reasoned non-binding opinion on the advisability of the Company and the Group carrying out the Transaction and on the suitability and substantial appropriateness of the terms and conditions;
- advises the Board of Directors on updating the internal procedures relating to transactions with related parties.

The Committee met 10 times during the year.

In particular, even though pursuant to Consob resolution no. 17221 of 12 March 2010, subsequently amended by resolution no. 17389 of 23 June 2010, and the Procedure for Transactions with Related Parties adopted by the Company, the integration with the Premafin – Fondiaria SAI could have been considered exempt, given its significance and strategic importance, Unipol decided to ensure the maximum transparency of its relations with the market, voluntarily applying the provisions of its Procedure. Therefore, at these meetings the Committee:

- was involved in the activities required to determine the economic capital values needed to establish the exchange ratios for the merger by incorporation of Premafin Finanziaria Società per Azioni – Holding di Partecipazioni and Unipol Assicurazioni S.p.A., and possibly Milano Assicurazioni S.p.A. into FONDIARIA-SAI S.p.A. (the 'Merger'), with the support of the advisor JP Morgan Limited;
- expressed its favourable opinion regarding the interest of Unipol and its Shareholders in performing the operation and the appropriateness and substantial accuracy of the terms and conditions of the operation (the complete

opinion can be viewed in the Information Document relating to significant transactions with related parties in the Corporate Governance section of the Company's website at www.unipol.it.

6. THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Internal Control and Risk Management System is the set of rules, procedures and organisational structures designed to ensure:

- effectiveness and efficiency of business processes;
- safeguarding of the value of corporate assets;
- good management of assets on behalf of clients;
- reliability and integrity of the accounting and management information;
- compliance of operations with the law, the supervisory regulations, the principles of self-regulation and the company's internal rules.

The Internal Control and Risk Management System, defined by the Guidelines adopted by the Board of Directors of Unipol in December 2008, subsequently amended on an annual basis, most recently on 14 November 2012, and transposed by all⁵ the Controlled Companies, is an integral part of the company and applies to all its sectors and structures, involving every resource, each to the extent of his/her competence and responsibility, in order to ensure consistent and effective risk control. All company departments and offices have a specific role in verifying the operations implemented, according to their different levels of responsibility.

6.1 Structure

The Internal Control and Risk Management System is split into various different levels:

- **line controls** (known as 'primary controls'), intended to ensure the proper performance of transactions. These are carried out by the operating structures themselves (e.g. hierarchical, systematic and sample checks), including through different units reporting to the managers of operating structures, or they are carried out in the back-offices; as far as possible, they are incorporated into the computerised procedures. The operating structures are the first ones responsible for managing risks: during daily operation, these structures are required to identify, measure or assess, monitor, reduce and report the risks arising from routine company operations in accordance with the risk management process; they must ensure respect for the established risk tolerance level and the procedures that make up the risk management process;
- **Risk and compliance controls** (known as 'secondary controls'), which are intended to ensure the following in particular:

⁵ As of the date of approval of this Report, the Guidelines regarding the Internal Control and Risk Management System had only been transposed by the Unipol Group companies in the old consolidation scope. Reference is therefore made to the composition prior to the date on which control was taken of the Premafin – Fondiaria Sai group.

- correct implementation of the risk management process;
- respect for the operation limits assigned to the various functions;
- compliance with regulations governing the company's operations.

The functions assigned to these controls are different from the production functions. They contribute to establishing the risk management policies and the risk management process.

- **internal audit** (known as 'tertiary controls', hereinafter referred to as 'Audit'), an activity which verifies the completeness, functionality and adequacy of the Internal Control System (including the primary and secondary controls).

6.2 Role of Management Bodies and the main Governance Control Functions

The Guidelines describe the purposes, principles, structure, roles and responsibilities of the Management Bodies and Governance Control Functions (Audit, Risk Management and Compliance).

MANAGEMENT BODIES

Board of Directors: as laid down in the supervisory provisions and the Group's Code of Corporate Governance, in accordance with the Code of Conduct for Listed Companies, the Board of Directors bears ultimate responsibility for the Internal Control and Risk Management System and must ensure that it is comprehensive, operational and efficient at all times. In this regard, the Board approves, inter alia, the organisational structure and the allocation of duties and responsibilities to the operational units, ensuring that functions are kept appropriately distinct. With the assistance of the Internal Control and Risk Management Committee, it also draws up the guidelines for the Internal Control and Risk Management System and once a year assesses whether it is appropriate and operates effectively.

Chairman: As the Director responsible for the Internal Control and Risk Management System, as previously described, the Chairman performs the following functions, as established by the Corporate Governance Code, to which you are referred:

- a) identifies the main business risks to which the Company and the Operating Companies are exposed, periodically submitted them for scrutiny by the Board of Directors;
- b) implements the guidelines defined by the Board of Directors, designing, creating and managing the internal control and risk management system, and continually checking that they are appropriate and effective;
- c) is responsible for adapting this system to changes in operating conditions and in the legislative and regulatory landscape;
- d) is able to ask the Audit Department to carry out audits on specific operating areas and on compliance with internal rules and procedures when performing business transactions,

- simultaneously notifying the Chief Executive Officer, the Chairman of the Control and Risks Committee and the Chairman of the Board of Statutory Auditors of these;
- e) informs the Chief Executive Officer, the Control and Risks Committee (or the Board of Directors) in good time of any problems and critical issues that may have arisen when carrying out his work or of which he may, at any rate, have become aware, so that the Chief Executive Officer or the Committee (or the Board) can take the appropriate actions;
 - f) puts proposals to the Board of Directors concerning the appointment or replacement of the Heads of Audit, Compliance and Risk Management, and their remuneration, in line with the guidelines specified in the general policies decided by the latter, having fully discussed these in advance and submitted the names for these positions to the Control and Risks Committee.

Senior Management (*the Chief Executive Officer and the senior management that provides managerial supervision*): supports the Responsible Director in designing and creating the Internal Control and Risk Management System for all risks, including those that arise from non-compliance with legal and regulatory provisions, in accordance with the risk governance guidelines and policies established by the executive body.

GOVERNANCE CONTROL FUNCTIONS (AUDIT, RISK MANAGEMENT AND COMPLIANCE)

Audit: is responsible for assessing the comprehensiveness, effectiveness and appropriateness of the Internal Control and Risk Management System in relation to the nature of the business and the level of risk underwritten, determining whether it needs to be adapted, particularly by providing support and advice to the Company's other departments. The Manager of this Function, Andrea Alessandri, has been appointed by the executive body and the duties assigned to him are established and approved by resolution of the Board of Directors, which also specifies his powers, responsibilities and the reporting procedures. The Audit department is independent of the operational departments, hierarchically and in every other way. Answers hierarchically and operationally to the Board of Directors and operates under the coordination of the Chairman of Unipol. In order to conduct the audits within their areas of responsibility, those in charge of the audit are guaranteed access to all the paperwork and electronic documentation and to all the staff of the business areas under review, as well as to the information required to monitor the proper conduct of outsourced functions.

When carrying out its tasks, the Function organises the auditing activity on the companies in the Unipol Group into (i) audits on head office processes (insurance, banking, governance and support, finance and IT), and (ii) compliance/inspection audits on insurance agencies, bank branches, settlement services and financial advisors.

At the time of approval of the annual budget, the Board of Directors allocated part of it to the Audit Function to fulfil the requirements stated by the Function itself and the approval Audit Plan.

The Audit Function assess the operation and suitability of the internal control and risk management system, both regularly and in response to specific requirements, in compliance with international standards, by implementing an audit plan approved by the Board of Directors, based on a structured analysis process that prioritises the main risks. In particular, its activities include:

- checks on business processes and organisational procedures designed to assess the functionality of the overall internal control and risk management system and to identify anomalous trends, breaches of procedures and regulations;
- checks to ensure that the various operational sectors are complying with the limits set by the mechanisms of delegation and are making full and correct use of the information available in different activities;
- checks on the fitness of the information systems and their reliability to ensure that the quality of information on which the Senior Executives base their decisions is not undermined;
- checks to ensure that the procedures adopted with regard to the provision of investment services comply, in particular, with the provisions in force on the separation of the administrative and accounting functions, the separation of customers' assets and the rules of conduct;
- checks on the fitness of the administrative and accounting procedures in order to ensure that proper records are kept and that they are accurate;
- checks on the effectiveness and efficiency of the inspections carried out by the Group Companies on outsourced activities;
- periodic auditing of the internal model validation process and auditing of the ORSA process;
- providing support and advice to all the Group entities in planning new processes and activities, with its specific control and regulatory skills, so that the necessary standards of security and checkpoints are appropriately established and constantly monitored;
- reporting to the managers of operational structures, Senior Management, the Responsible Director, the Control and Risks Committee, the Board of Statutory Auditors and the Board of Directors;
- working together, when required, with the Control and Risks Committee, the External Auditors, the Board of Statutory Auditors and the Supervisory Body pursuant to Legislative Decree 231 of 8 June 2001.

Risk Management: is responsible for evaluating the combination of the various risks, at Group level, and supports the Board of Directors, the Responsible Director and Senior Management in assessing the design and effectiveness of the Risk Management System, reporting its conclusions to Senior Management and the Board of Directors, highlighting any deficiencies and suggesting ways of resolving them. Risk Management is independent of the operational and control structures, answering hierarchically and operationally to the Board of Directors and operating under the coordination of the Chairman. Risk Management carries out this work as part of the Own Risk Solvency Assessment process for the insurance business and the Internal Capital Adequacy

Assessment Process for the banking business and coordinates the work carried out by the various company departments dealing with risk management

The risk management system

Within the Group, risk management involves the following stages:

- *identifying major risks*, in other words those with consequences that may undermine the Group's solvency or constitute a serious obstacle to achieving its objectives. It takes account of both Group structure and the specific nature of the types of business managed by the various Operating Companies;
- *risk assessment*, the assessment stage involves measuring the risks and identifying the effect of a potential event on the achievement of the company's objectives. The risks are calculated by means of a combination of several procedures:
 - *Solvency I* – a commonly used method that has introduced a requirement for a minimum equity (minimum solvency margin) and relates it to indicators such as premiums and claims, mathematical provisions and capital at risk;
 - *Solvency II: Internal Model* for calculating the Solvency Capital Requirement – As part of the process of incorporating Solvency II legislation the Group is in the process of adapting its risk management procedures to Solvency II, which includes developing and using an Internal Model that uses sophisticated financial and actuarial analysis tools to evaluate and calculate the risks identified. These measurements are taken using both the Standard Formula, based on the findings of the most recent quantitative impact study, and the advanced internal models and have a reliability level of 99.5%;
 - *Stress testing* – quantitative techniques used by companies to assess their vulnerability to extreme but plausible events. On completion of the stress tests, Risk Management reports to Senior Management, the Group Risks Committee and the various Boards of Directors;
 - *Basel II* for calculating capital requirements – the Unipol Banca Group comes under the category of class 2 banks ('Banking groups and banks that use standardised procedures, with consolidated or individual assets exceeding €3.5bn'). Note that on 16 December 2010, the Basel Committee on Banking Supervision published the new rules regarding the capital and liquidity of banks (Basel III). The new rules will come into force gradually and become fully effective as of 1 January 2019. Unipol Banca has conducted exercises to estimate the potential effects of the new prudential standards on the equity and liquidity coefficients;
- *risk control* - which is split into the individual tasks of reporting and proposing corrective actions should the specific operational limits be exceeded. The risk management reports are intended for the Board of Directors, the relevant Committee and Senior Management.

They are also intended for use by the operating structures;

- *mitigation*, which consists of identifying and proposing action or measures required or useful for mitigating existing (or potential) levels of risk that are not commensurate with the levels of risk laid down for the business..

Risk Appetite

The Risk Appetite is defined as the amount of capital at risk⁶ that the Board of Directors specifies as the maximum acceptable loss without the Group's business continuity being jeopardised. The Risk Appetite is determined on the basis of prospective levels of growth in the budget , calculated with a confidence level of 99.5%.

The other elements Unipol takes into account when ascertaining risk appetite can be divided into three types: rating, risk/profitability and solvency.

The Unipol group determines Risk Appetite on the basis of total economic capital ascertained by applying internal models, the standard formula and the procedures for combining the various major risks mentioned in Pillar I⁷ of the *Solvency II* standard. The Unipol Group's total economic capital, determined in accordance with Basel II rules, contributes to defining the Group's Risk Appetite, adding to the total economic capital of the insurance Group.

ORSA and ICAAP

Under their own risk management system, the companies that fall within the scope of the Risk Policy use, as instruments for evaluating the efficacy of the risk management system:

- the Own Risk Solvency Assessment, in the case of insurance sector companies;
- the Internal Capital Adequacy Assessment, in the case of banking sector companies.

The primary objective of the two instruments is to ensure that the undertaking evaluates all the risks inherent in its work and determines the corresponding capital requirement. These two instruments analyse both current and potential risks.

Compliance:

Compliance supports the Board of Directors, the Responsible Director and Senior Management in assessing the adequacy and effectiveness of the Compliance System⁸ by assessing internal

⁶ Capital at risk, or economic capital, means the capital requirement for a specific risk where it is thought desirable to cover losses above a given expected level (this definition presupposes that the expected loss is met from the technical provisions). The economic capital for all the major risks underwritten by the undertakings is defined as total economic capital.

⁷ The types of risk taken into account when measuring the Risk Appetite are those stated in the QIS5 Technical Specifications: technical risk for life and non-life insurance, financial risk, credit risk and operating risk.

⁸ In the broader Internal Control and Risk Management System, it identifies the set of rules and organisational measures implemented to monitor the risks of non-compliance. As specified in greater detail in the Compliance Policy, a number of areas that are "sensitive" to the risk of non-compliance are excluded from the remit of the Compliance Function and are monitored by

procedures, processes and organisation, and is responsible for identifying, measuring, monitoring and reporting on the risk of non-compliance, which is defined as the risk of incurring judicial or administrative penalties, loss of equity or damage to reputation or image by infringing mandatory rules (laws, regulations and Supervisory Authority measures) and internal rules (e.g. By-Laws, codes of conduct and corporate governance codes).

This risk is widespread at all levels of the organisation and therefore its proper management is extremely important and closely connected with current operations, with particular reference to relationships with customers. The task of evaluating whether the organisation and internal company procedures are suitable for achieving the objective of preventing this risk is entrusted to a department specifically set up for the purpose, which must meet the requirements laid down in the supervisory regulations.

Compliance is independent of the operational and control structures, answering hierarchically and operationally to the Board of Directors and operating under the coordination of the Chairman.

As stated in the Compliance Policy, the Compliance Function draws up appropriate reports for the managers of operational structures, Senior Management, the Responsible Director, the Control and Risks Committee and the Board of Directors.

The department operates by:

- identifying applicable standards on a continuous basis and assessing their impact on the entire value chain (products, processes, business procedures);
- assessing non-compliance risks, analysing existing controls and identifying possible remedial measures to ensure that standards are properly applied;
- monitoring the correct implementation and effectiveness of organisational changes proposed;
- providing information flows direct to the corporate bodies and to the other departments involved in risk management.

To this end, the procedure used involves several stages of operation, which can be divided into the following:

- *ex ante* activities, which are part of the operations performed by the Compliance Function, intended to assess the compliance with standards of new products/projects/processes or the organisation of the company in relation to the entry into force of new regulations.. The 'analysis of legislation', 'risk assessment' and 'identification of changes' stages illustrated in the Compliance Policy are particularly important in this respect;
- *ex post* activities: activities which relate more specifically to the monitoring phase, that is, to the assessment of the state of compliance of business processes with the standards, which is achieved by evaluating existing safeguards and the state of implementation of any planned interventions.

Manager in charge of financial reporting: the Manager in charge of financial reporting is entrusted with the task of contributing to sound corporate management by setting up appropriate

organisational measures to ensure the achievement of this objective in a strategic sector such as that of proper financial reporting information.

Under Article 13 of the Company's By-Laws, the Board of Directors appoints the Manager in charge of financial reporting, on the recommendation of the Board of Statutory Auditors, from candidates who have at least three years' experience of (a) managing or auditing work or a managerial post with a joint-stock company which has share capital of no less than €10m or a consortium of joint-stock companies with total share capital of no less than €10m, or (b) professional work or a post on the permanent teaching staff of a university lecturing in law, economics, finance or technical/scientific studies closely connected with the Company's business, or (c) a management post with a public authority or government department operating in the credit, finance or insurance sectors or in a business closely connected with that of the Company or of the Group and who fulfil the requirements relating to trustworthiness provided for in Article 147-*quinquies* of the TUF, which is those required of members of the Board of Statutory Auditors.

The meeting of the Board of Directors held on 13 May 2010 confirmed Maurizio Castellina, the current Administration and Operations Manager, as Manager in charge of financial reporting, granting him all the powers and responsibility required to perform the role entrusted to him.

The Manager in charge of financial reporting has the use of an independent staff and may secure the cooperation of any other structure of the Company and its Controlled Companies, in particular, the Audit, Compliance and Organisation departments, in cooperation with the supervisory bodies (Supervisory Authority, Board of Statutory Auditors) and the Control and Risks Committee. He may also count on the help of the External Auditors responsible for the exchange of information on the administrative/accounting auditing system. Furthermore, the Manager in charge of financial reporting also meets the Board of Statutory Auditors at least once a year to share the results of monitoring the control system.

The Manager in charge of financial reporting may also take action with companies which contribute significantly to the consolidated financial statements, by giving – while respecting the autonomy and prerogatives of these companies – guidelines on methods and guidance for all departments which may significantly impact the administrative and accounting processes relevant to the declarations and statements that must be issued.

The Manager in charge of financial reporting also takes part, as a guest, at the Board of Directors' meeting held to approve the draft budget and other financial statements.

Independent Auditors: *the Company's external auditors are PricewaterhouseCoopers S.p.A., who also audit the individual and the consolidated annual financial statements and carry out a limited audit of the consolidated interim financial statements. These external auditors were appointed for the nine-year period 1 January 2012 – 31 December 2020 at the Shareholders' Meeting held on 28 April 2011.*

6.3 Main features of the existing risk management and internal control systems in relation to the financial reporting process, including the consolidated report

In accordance with the provisions introduced into the TUF by the Savings Law - Section V - *bis* - "Financial Information", Unipol has implemented a control model to support the Manager in charge of financial reporting. The purpose of this model is to check the fitness and effective implementation of the administrative procedures for financial and accounting information.

The 'financial-reporting risk model' adopted is based on a process that is in line with the following internationally acknowledged and accepted frames of reference:

- I. CoSo Framework (Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Tradeway Commission), unanimously recognised as the standard for the implementation and assessment of internal control systems;
- II. COBIT (Control Objective for IT and Related Technology), the best practice scheme created by ISACA (Information Systems Audit and Control Association) and ITGI (IT Governance Institute), which is the recognised standard for IT Governance.

With particular reference to the components of the Internal Control System on financial reporting under the CoSo Report, the Unipol Group has followed the guidelines set out below:

- control environment: reflects the Senior Management's focus on the importance of the culture of internal control in a business organisation and is managed by Unipol through the documentation and evaluation of controls at group level and for individual companies (Entity Level Control). In this context, the Unipol Group has also formalised procedures, as from the Interim Report of 30 June 2008, for the preparation of annual and interim reports (Fast Close calendars), identifying those responsible for operational and control activities;
- risk assessment: methods of risk analysis at process level have been defined and implemented through a preliminary Top Down quantitative and qualitative analysis, leading to the definition of the relevant processes (Scoping). An identification and analytical assessment of the risks of failure to achieve the control objectives, in terms of the credibility, accuracy, reliability and timeliness of financial reporting, is then carried out for these processes;
- control activities: the activities required for the proper management and mitigation of the risks described above have been identified, documented and assessed;
- information and communication: a process to evaluate the correct management of information flows between the different company departments and to Senior Management has been implemented to ensure that all players within the organisation carry out their duties properly. This assessment is performed as part of the 'Control Environment' and 'Control Activities' analysis components;
- monitoring: the Unipol Group has implemented a process of regularly monitoring the reliability of the Internal Control System over time.

In keeping with the guidelines described above, the process of risk management and internal control of financial reporting implemented by Unipol involves the following stages:

Stage 1 - Establishing the scope of the analysis: this activity takes place once a year, after the approval of the financial statements, and involves the following:

- Identification of key companies: the selection is based on both quantitative (percentage contribution of the company to the consolidated assets and consolidated income) and qualitative criteria, based on the risk profile of individual companies.
- Identification of key items/accounts: for the identified companies, the key balance sheet items and accounts are identified by establishing materiality thresholds.
- Matching of key items/accounts with processes: for the key accounts, a matrix of account – process matches is drawn up by identifying classes of feeder transactions. This matrix is a tool which can be used to identify the processes included in subsequent analyses.

Stage 2 – Control environment assessment: every year, the Control documentation is updated at Group and Company level (Entity Level Control - ELC) and the standard of oversight of control objectives is evaluated (Entity Level Control - ELC). This analysis makes it possible to:

- verify the appropriateness of the dimensions of the Internal Control Model that have not been analysed directly by process level analyses, internal corporate information/communication, monitoring and risk assessment processes;
- draw a reference framework of the business environment in which the Internal Control System operates, in order to obtain the information required to shape the subsequent stages of risk analysis/monitoring and testing in processes;
- obtain an immediate picture of the level of control management and of the internal legal context of the Group's companies, to support the declarations of the Manager in charge of financial reporting and the Chief Executive Officer;
- identify, if the ELCs produce a positive assessment, compensatory controls to mitigate any shortcomings found in the subsequent phases of evaluation of process level controls.

Stage 3 – Assessment of risks and process level controls: the Risks and Controls documentation relating to the financial reporting process is updated periodically in the event of any review of processes by the corporate structures as a result of organisational changes. This documentation is implemented by drawing up Risk and Control Matrixes (Risk & Control Analysis - RCA) for each process identified as significant in Phase 1, "Defining the scope of analysis". In particular, the Risk & Control Analysis is structured as follows:

- definition of risks through the identification and description of the type of risk;
- identification of control objectives associated with the risk and an indication of the financial statement assertions impacted;
- assessment of controls by:
 - describing the monitoring activities used to manage the control objective and the risk factor identified;

- identifying the type of control;
- evaluating the fitness for purpose and effectiveness of the control activities, in terms of risk mitigation, based on the evidence collected;
- evaluation/presence of evidence of monitoring;
- a comprehensive assessment based on the correlation between the effectiveness of the monitoring and the presence of the related check evidence;
- area of improvement noted during these control activities, in terms of improvements in the control design and/or recordability.

Stage 4 – Verification of the actual application of process level controls: this stage, which is performed twice a year, at the time of the annual financial statements and abbreviated interim consolidated financial statements, is intended to monitor over time the effectiveness of the Internal Control System and assess its reliability.

The test of the effectiveness of the controls involves checking that all manual 'key controls' are actually carried out by the department concerned and checking the ways in which the checks are carried out by the organisational units involved.

The following activities are performed during this test phase:

- definition of the test sample for the key individual controls;
- performance of the tests in three modes, namely Observation, Analysis of the evidence, Repeat of the control;
- assignment of a weight in relation to the identified critical deficiencies and their assessment.

The size of the sample selected takes into account the nature of the controls to be tested, that is, the type of controls (automatic or manual) and their frequency.

On completion of the test phase, including the actions to evaluate and finalise of the level of reliability found, further remedial action aimed at improving the effectiveness of the control system may be identified.

Stage 5 – Certificate issuing process pursuant to article 154-bis of the TUF: prior to issuing the certificates appended to the Unipol annual financial statements and interim report, and to the annual consolidated financial statements and interim consolidated report of the Unipol Group, a report on the Internal Control System is prepared as provided for by the Savings Law, which outlines in detail the characteristics of the control system implemented and the results of monitoring and verification activities carried out. This report is sent by the Manager in charge of financial reporting to the Chairman, the Chief Executive Officer, the Chairman of the Board of Statutory Auditors, the Chairman of the Control and Risks Committee, the Audit Manager and also, for information purposes, to the External Auditors.

The Report on the IT Governance System is appended to this Report.

The IT Governance controls and procedure enable complex and varied scenarios to be tackled, using a

structured model, and provide an overview of the services carried out and a guarantee of their quality. This model, based on the COBIT framework, is combined with the internal control model for the purpose of checking the adequacy of the internal controls on accounting and financial information and on the Company's system of Corporate Governance in general and applying them.

At the Board meeting of 21 March 2013, the Board of Directors studied the contents of the Report drawn up as of 31 December 2012.

Based on the aforesaid report and data verification activities performed by the administrative departments, the Chief Executive Officer and the Manager in charge of financial reporting draw up the certifications provided for under Article 154-*bis* of the TUF.

In the case of certifications relating to communications to the market that contain significant accounting data, the Manager in charge of financial reporting will carry out an audit process before issuing the certification to show that the data tally with the book and accounting records.

6.4 The Organisation and Management Model

The completion of the project to reorganise the companies and departments within the Group involved reviewing the Company's Organisational and Management Model in order to ensure that the provisions it contains are in line with the Company's new role and will safeguard the principles and values of the Model itself.

The review involved reassessing Group risks and checks and identifying the large number of procedures in question and covered the new offences included in Legislative Decree 231 of 8 June 2001.

The current Model referred to in Article 6.4 stipulates that the Supervisory Body should be made up of five members: (i) three members of the Internal Control Committee, (ii) the Head of the Legal, Corporate, Holdings and Compliance Department and (iii) the Head of the Audit Department, who shall hold office for two years and are re-electable. The Supervisory Body was appointed at the board meeting held on 13 June 2010, when the Board of Directors confirmed the outgoing members, deeming that they fulfilled the requirements prescribed in the Model and in current legislation.

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

6.5 Sustainability and ethical and social responsibility

During 2008, the definition of the Group's Charter of Values laid the foundations for activities designed to give a stronger and clearly shared identity of values to the Group, which had been involved in a major reorganisation and integration process.

The Charter of Values identifies five principles to which the Group is committed daily in relation to its stakeholders:

1. *accessibility*: fosters mutual willingness to enter into a dialogue, which in turn generates more organisational efficacy;
2. *vision*: making it easier to interpret market signals correctly and thus anticipate trends. This provides continuity of results and increased profits with a view to achieving sustainability in the broadest sense, i.e. taking environmental, financial and social requirements into consideration in order to enable the business to flourish in the long term;
3. *respect*: paying heed to everyone's requirements leads to high-quality service and mutual respect;
4. *solidarity*: supporting the community to make it easier to work together and to have faith in the rule of law, thus leading to operational efficiency;
5. *responsibility*: is the driving force behind professional reliability: it ensures that we take responsibility for what we do within the deadlines and in the ways laid down in the rules governing the sector, the market and our company ethos.

The Unipol Group's set of values was completed during 2009 with the Board of Directors' approval of the new Code of Ethics. The new Code of Ethics – available together with the Charter of Values on the Company's website at www.unipol.it – identifies the principles of business ethics and related conduct governing the actions of the whole Group, starting from the directors and managers, towards internal and external stakeholders.

In order to ensure that the principles are pursued consistently, the following means have been established for the implementation, monitoring and control of the Code of Ethics:

- the Ethics Committee, made up of the board members of the Social Responsibility Committee; and
- the Group's Ethics Manager, appointed by the Board of Directors, on the advice of the Ethics Committee, in the person of Valter Dondi, Head of the Social Responsibility and Ethics Department.

"EticaMente", the process launched to familiarise employees of the Group and its network of agencies with the Code of Ethics was launched at the end of 2011 and completed during 2012. Implemented using the Unipol Web Academy remote training platform, the process attracted a large number of employees, over 72% of the total number, who expressed their general appreciation for the initiative by completing an assessment questionnaire. The level of participation among the network of agencies, Agents, associated and employees was smaller but nonetheless significant (20%).

7. TRANSACTIONS WITH RELATED PARTIES AND DIRECTORS' INTERESTS

On 11 November 2010, the Company's Board of Directors, having obtained the favourable opinion of the Committee of Independent Directors, duly set up for the purpose, adopted the 'Procedure for

carrying out transactions with related parties' (the 'Procedure'), pursuant to CONSOB Regulation no. 17221 of 12 March 2010 and subsequent amendments (the 'Regulation').

The Procedure (which can be viewed in the Corporate Governance section of the Company's website at www.unipol.it), came into force on 1 January 2011, except for the provisions on transparency which became effective, as required by law, on 1 December 2010.

The purpose of the Procedure is to define a procedural system designed to guarantee greater transparency and honesty during the preliminary phase of the negotiations and approval of the Transactions with related parties carried out by Unipol, directly or through the Controlled Companies. In particular, the Procedure:

- a) defines the subjective scope of the regulatory system of rules, specifying the direct and indirect entities among Unipol's Related Parties, which are to be identified according to the criteria laid down in the Regulation. In this regard, we would point out that it was agreed not to exercise the option, which the Regulation affords issuers, to extend the aforementioned scope to entities other than related parties;
- b) defines the methods for setting up, forming and managing the related party register as a support tool for all Unipol's company structures and Controlled Companies for the correct, prompt identification of the applicable transactions with related parties for the purposes of the Procedure;
- c) defines the objective scope of the regulatory system of rules, specifying several types of 'exempt' transactions in relation to which the system of rules, both procedural and informative, do not apply either wholly or in part;
- d) defines the preliminary, consultative process, and specifies rules regarding the methods by which the Company scrutinises or approves transactions with Controlled Companies and the communication flows within the Group, designed to guarantee transparency in the transactions and compliance with these procedural rules.

In particular, the Procedure, under the Regulation, provides for approval of transactions with related parties to be subject to the prior, reasoned (in some cases, binding) opinion of the Committee for Transactions with Related Parties, made up of independent Directors (the 'Committee'), as to whether it is in the Company's interest to carry out these transactions, and as to the appropriateness and basic fairness of the related conditions.

The system of rules for the transactions is structured in different ways, either from a procedural or transparency point of view, with regard to the value of the transactions in question, differentiating between 'minor transactions', which are subject to less exacting rules, and 'major transactions', identified by adopting, unchanged, the thresholds provided for by the Regulation, to which the strictest rules are applied.

The transactions carried out through controlled companies are approved by those companies' competent Corporate offices, subject to the Committee giving its reasoned,

non-binding opinion, as to whether it is in the Company's interest to carry out these transactions, and as to the appropriateness and basic fairness of the related conditions.

With specific reference to the 'major transactions', the Procedure – making use of the option afforded in this way to issuers by the Regulation – stipulates that if the Committee has expressed a reasoned opinion against carrying out the transaction, the Company's Board of Directors will be able to approve the transaction despite the Committee's unfavourable opinion, or without taking account of the conditions set by the Committee, provided that the Shareholders' Meeting authorises the transaction to be carried out. In that case, the Transaction will not be able to be carried out if the majority of non-related shareholders with a vote in fact vote against the transaction (whitewash), provided, however, that the non-related shareholders at the Meeting represent at least 10% of the share capital with voting rights;

- e) defines the replacement mechanisms (equivalent safeguards) in the event of one or a number of members of the Committee being related, stipulating that, should all members be related, the opinion they are responsible for giving should be given by the Board of Statutory Auditors or, if the aforementioned safeguards cannot be applied, by an independent expert chosen by the Board of Directors.

The Procedure was amended at the board meeting held on 22 December 2011, mainly in order to (i) adapt the definition of 'key Senior Executives' to the criteria adopted by the Company and (ii) redefine the frequency and contents of the report to be made to the Committee for Transactions with Related Parties.

8. INTERNAL DEALING

The Company has adopted a procedure for providing notification of transactions involving treasury shares or other financial instruments related to such shares.

The set of rules established by the Procedures includes:

- (i) the criteria for identifying the Company's senior executives who, in their capacity as senior executives with regular access to confidential information and the authority to make management decisions that could affect the Company's performance and future prospects, are deemed to be 'Relevant Parties' and are therefore obliged to provide the information required under Article 114, paragraph 7 of the TUF;
- (ii) the methods used by the relevant parties to notify CONSOB and the Company of the relevant transactions in accordance with the provisions of Article 152-*octies* (1) and (2) of the Issuers' Regulations;
- (iii) the terms under which the Relevant Parties referred to in (c.1), (c.2) and (c.3) of Article 152-*sexies* of the Issuers' Regulations (members of the boards of directors and auditors, individuals with management roles and senior executives identified as Relevant Parties of the Company and the Principal Subsidiaries) authorise the Company to inform CONSOB

on their behalf of relevant operations they have carried out, in accordance with the provisions of Article 152-*octies*, paragraph 6, of the Issuers' Regulations.

In order to provide conditions that enable the Company to carry out its duties of disclosure as mentioned above promptly and properly, as an exception to the rules mentioned above the Procedure provides for Relevant Parties who have granted the authorisation referred to in point (iii) above to undertake to notify the Company department concerned of all the relevant operations, whatever the amount concerned, even if it is less than the amount specified in law, that they and/or persons closely connected with them have carried out, within three trading days as from the date on which they were carried out.

In order to prevent potential conflicts of interest and protect the Company and the Group, the Relevant Persons are forbidden to carry out operations on financial instruments issued by Unipol and its listed Controlled Companies in the seven days preceding meetings of the Company's Boards of Directors called to examine and approve the interim and budgetary accounting figures (known as blocking period).

Non-compliance by Relevant Parties holding a post of Director, Statutory Auditor or senior executive in the Company or its Principal Subsidiaries with the duties laid down in the Procedure, which is deemed to be legally binding, may be deemed by the relevant bodies to be a breach of trust. The relevant bodies may adopt any rulings that take account of specific circumstances.

Non-compliance with the duties laid down in the Procedure by Relevant Parties who are employees of Unipol or its Principal Subsidiaries may be deemed by the relevant bodies to be a matter for disciplinary action. Disciplinary action is taken in accordance with the criterion of proportionality, based on the gravity of the infringement and on whether it was committed intentionally and taking account of whether it was a first offence.

From 12 February 2009, the Procedure also applies to the Relevant Persons of the subsidiary Unipol Assicurazioni S.p.A. since, following the integration carried out as a result of the merger through absorption of Aurora Assicurazioni S.p.A. into Unipol Assicurazioni S.p.A., the latter is now essentially the Principal Subsidiary according to the provisions of the Issuers' Regulations.

On 5 August 2010, Unipol's Board of Directors amended the subjective scope of the Procedure in line with the adjustments made to Unipol's organisational structure and the Group's governance structures during 2010.

The Procedure was subsequently reviewed by the Board of Directors:

- on 10 November 2011 in order to (i) take account of the organisational changes within the Company and its principal subsidiary, Unipol Assicurazioni S.p.A., and (ii) incorporate the definition of 'key Senior Executives' based on the criteria adopted by Unipol;
- on 15 March 2012, in order to take account of the changes to the information to be provided on internal dealing transactions introduced by CONSOB Ruling 18079 of 20 January 2012.

Fifteen transactions carried out by the holding company Finsoe were notified to the market during 2012.

The Procedure can be viewed in the Corporate Governance section of the Company's website at www.unipol.it.

9. TREATMENT OF CORPORATE INFORMATION

In October 2007 the Company's Board of Directors voted in favour of the Managing Director's proposal to adopt the 'Guidelines' and the 'Procedure for dealing with and communicating confidential information'.

The Guidelines and the Procedure mentioned above regulate:

1. 'Dealing with confidential information' by defining:
 - criteria, roles and responsibilities;
 - procedures for entering the people who have access to confidential information in the Register;
 - measures to guarantee the traceability of Confidential Information;
 - procedures for circulating Confidential Information internally and rules for protecting confidentiality;
2. 'Communicating Confidential Information' by defining, in the case of Unipol, the procedures, roles and responsibilities linked to:
 - communicating Confidential Information to the public, in accordance with Article 114 of the TUF;
 - communicating accounting statements and provisional figures to the public;
 - relations with the financial community and the media;
3. the rules for the conduct of Controlled Companies stipulated by the Parent, which are intended to ensure that the Company carries out properly its duties of notification mentioned above.

On 15 March 2012 the Board of Directors updated both the Guidelines and the Procedure in regard to the changes in the way information is conveyed, introduced by CONSOB Ruling 18079 of 20 January 2012.

10. THE BOARD OF STATUTORY AUDITORS

Number of meetings held during the 2012 financial year: 18

Average length of meetings: 2.31 hours

Average attendance: 96.3%

Number of meetings already held in 2013: 4

Average attendance of meetings of the Control and Risks Committee by the Board of Statutory

Auditors: 100%

10.1 Roles and Responsibilities

Pursuant to Legislative Decree 39 of 27 January 2010 on statutory auditing of the annual financial statements and consolidated financial statements, which, as is known, introduced radical changes to the supervisory duties for which the control bodies of public-interest entities are responsible, in addition to the duty to supervise compliance with the law and the Company's By-laws and on respect for the principles of proper administration, the Board of Statutory Auditors is responsible for supervising:

- a) the appropriateness and smooth operation of the organisational, administrative and accounting structure;
- b) the financial reporting process;
- c) the effectiveness of the internal control, internal auditing and risk management system;
- d) the statutory auditing of the accounts and expressing reasoned proposals to the Shareholders' Meeting regarding the appointment of the statutory Audit Company;
- e) checking the independence of the statutory Audit Company, especially with regard to the provision of non-auditing services to the Company.

10.2 Appointment

The Board of Statutory Auditors is appointed on the basis of lists submitted by shareholders who are entitled to vote at the relevant Shareholders' Meeting at the time the lists are submitted.

These lists consist of two sections, one for candidates for the post of Regular Auditor (a maximum of three) and the other for candidates for the post of Alternate Auditor (a maximum of two) and must be deposited at the Company's registered office at least 25 days before the date fixed for the Shareholders' Meeting. This stipulated period was introduced into the By-Laws by a resolution on 10 February 2011, adopted by the Board of Directors under its powers to adapt the By-Laws to the relevant legislation including, most recently, those relating to the Implementing Decree.

Furthermore, in the context of its powers to amend the Company's By-laws to comply with legal provisions, the Board of Directors, at its meeting held on 9 August 2012, amended the Company's By-laws in order to comply with the mandatory provisions introduced by Law 120 of 12 July 2011 into articles 147-*ter*, paragraph 1-*ter*, and 148 paragraph 1-*bis* of the TUF and by Consob Resolution No. 18098 into article 144-*undecies*.1 of the Issuers' Regulations regarding equality of access to the administration and control bodies of companies listed in regulated markets.

Members who, alone or in combination with other Members, hold the total number of shares laid down in accordance with current legislation and regulations relating to electing the members of the Company's Board of Directors are entitled to submit lists: as of the date of this Report, this

percentage, determined by CONSOB most recently in its resolution no. 18452 of 30 January 2013, is equivalent to 2.5% of the ordinary share capital.

The lists must be accompanied by full details of the candidates' personal and professional profile, a statement that they are neither ineligible nor incompatible and that they fulfil the requirements for holding the posts, including compliance with the current legal limits on the total number of posts that may be held.

The lists, accompanied by the candidates' details, are promptly published on the Company's website.

The procedure for electing the Statutory Auditors is as follows:

1. from the list that has obtained the highest number of votes at the Shareholders' Meeting, two Auditors and one Alternate Auditor are drawn, based on the order in which they are listed in the sections of the list;
2. the remaining regular auditor and remaining alternate auditor are taken from the minority list that obtains the most votes at the Meeting, on the basis of the sequential order in which candidates appear in the sections of that list. In the event of a tie between the minority lists, candidates are elected from the list that has been submitted by Shareholders holding the majority of shares or, secondarily, by the majority of Shareholders.

The person named first in the minority list assumes the duties of Chairman of the Board of Statutory Auditors.

An Auditor must be replaced by the Alternate Auditor on the same list, but the proportion between the sexes provided for in current legislation and regulations must be observed. If both the Regular Auditor elected from the minority list and the Alternate Auditor from the same list have to be replaced, the candidate appointed will be the one who is next in order on the list or, if there isn't one, the first candidate on the minority list that received the second highest number of votes but the ratio between the sexes provided for in current legislation and regulations must be observed.

10.3 Composition and operation

The Shareholders' Meeting held on 29 April 2010 appointed the Company's Board of Statutory Auditors currently in office on the basis of the only list submitted by the majority shareholder Finsoe. The three standing and two alternate Auditors were appointed for a period of three years, and therefore until the Shareholders' Meeting called to approve the financial statements for 2012.

The composition of the Committee is shown in Table 5. The CVs of the members of the auditing body are published on the Company's website at www.unipol.it.

All the Statutory Auditors are entered in the Register of Statutory Auditors and statutory audit companies, and meet the requirements prescribed by existing laws and the Company's By-Laws.

At its meeting on 13 December 2012, the Board of Statutory Auditors carried out a self-assessment of its composition and verification of fulfilment by its members of the independence requirements

established by the Code of Conduct for Directors, determining the appropriateness of its composition and its fulfilment of the aforesaid requirements by its members.

The Board of Directors carried out the annual assessment with regard to the Statutory Auditors keeping up the requirements concerning independence of posts on 21 March 2013, the date on which this Report was approved, and also assessed whether the members of the auditing body also met the independence requirements laid down in Article 148, paragraph 3 of the TUF, in compliance with the provisions of Article 144-*novies* of the Issuers' Regulations, as amended by CONSOB resolution 17326 of 13 May 2010.

The Company's By-Laws do not provide for limits on the total number of posts that may be held in addition to those provided for in Article 144-*terdecies* of the Issuers' Regulations.

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

Statutory Auditors who on their own account or that of third parties have an interest in a particular operation to be carried out by the Company must provide the other Statutory Auditors and the Chairman of the Board of Directors with timely and full information on the nature, terms, origin and extent of their interest. No circumstances arose during 2012 in respect of which the members of the Board of Statutory Auditors had to make such statements.

Statutory Auditor attendance at the meetings of the Board of Directors held during 2012 averaged 92.24%.

The Board of Statutory Auditors monitored the independence of the statutory Audit company, especially with regard to the non-auditing services provided to the Company and its Controlled Companies by the Audit company and the companies belonging to their network.

The Board did not exercise the option to request the Audit Department to carry out checks on specific operational areas or business operations, having considered as exhaustive the auditing operations that the Board – as part of its supervisory activities – was able to carry out jointly with the aforementioned department, with regard to the scope of the activities carried out and the outcome of the findings.

During 2012, the Board of Statutory Auditors attended all the meetings of the Internal Control Committee as an invited guest, obtaining adequate information for the purposes of coordinating the activities of the Board with those undertaken by the aforementioned Committee.

11. THE SHAREHOLDERS' MEETING

11.1 Ordinary and Extraordinary Shareholders' Meeting

The operation of the Shareholders' Meetings of listed companies has been substantially altered by the Implementing Decree (Legislative Decree 27 of 27 January 2010, transposing Directive 2007/36/EC of 11 July 2007 (Shareholders' Rights Directive) on the exercise of certain rights of shareholders in listed companies) into Italian law. The provisions of the Implementing Decree required a review of the Company's By-Laws and of the Rules for the Shareholders' Meeting in

order to ensure their immediate compliance with new mandatory requirements, while giving listed issuers the responsibility for carrying out a discretionary assessment of the appropriateness of introducing any changes into the Company's By-Laws and Rules for the Shareholders' Meeting.

At the Board meeting held on 10 February 2011, exercising the powers of the executive body in accordance with the joint provisions of Article 2365, paragraph 2 of the Civil Code and Article 13 of the Company's By-Laws, the Company approved the obligatory changes to the Company's By-Laws and the Rules for the Shareholders' Meeting, resulting from the necessary adaptations to the relevant legislation, while the so-called optional changes were approved by the Shareholders' Meeting of 28 April 2011.

On 14 February 2013, the Company's executive body, exercising its powers under article 13 of the current By-laws - which, pursuant to article 2365, paragraph 1, of the Civil Code, expressly assigns the executive body responsibility for determining any changes to the by-laws that are required in order to comply with legal requirements - made further changes to the Company's By-laws in order to comply with the provisions of Legislative Decree 91 of 18 June 2012, which introduced further changes and additions to the aforementioned Legislative Decree 27 of 27 January 2010. The Board of Directors therefore introduced, among other things, the single convocation system as the default form of convocation for shareholders' meetings, applying the required quorums for attendance and voting on resolutions, subject to the possibility, for which the same article already allows, to set the dates of any subsequent convocations in the first convocation, thus making the provision comply with article 2369, paragraph 1, of the Civil Code.

According to the Company's By-Laws, whether the Shareholders' Meeting is properly constituted and whether its votes are valid are matters that are governed by law. Shareholders' Meetings are chaired by the Chairman of the Board of Directors, or, in his absence, by the Vice Chairman, or, if he too is absent, by a Director, or, failing that, by someone elected by the majority of the capital represented.

According to the By-Laws the Board of Directors may, for individual Shareholders' Meetings and in accordance with current legislation, allow members to participate and vote remotely, including electronically, provided that it is possible to identify the parties entitled to do so and ensure that communication is secure. The notice of the meeting must in this case specify the procedures for participating in the business of the shareholders' meeting, including by reference to the Company's website.

During the Shareholders' Meeting each person entitled to vote may speak on each of the topics for discussion and make observations and suggestions. Those wishing to speak must apply to the Chairman and the latter chairs the debate, giving the floor to those who have asked to speak in the order in which the requests were made, or, if several requests are submitted at the same time, in alphabetical order by surname.

The Board of Directors ensures that shareholders are kept properly informed by publishing information on the motions to be put to the shareholders' meeting within the deadlines and in the ways laid down in law.

11.2 Special Meeting of Preference Shareholders

The Company's By-Laws provide for appropriate rules to determine:

- (i) the procedures for ensuring that the joint Representative of the holders of preference shares is provided with sufficient details of the Company's operations that could affect the price of these shares, in accordance with Article 147, paragraph 4, of the TUF, by carrying out the duties laid down for notifying the market (article 6 'Shares', paragraph 3, of the Company's By-Laws);
- (ii) the allocation, in order to simplify proceedings, of a maximum amount of €30,000.00 per annum to cover the expenses required to safeguard the common interests of the holders of preference shares, for which the Special Shareholders' Meeting voted to set up a fund in accordance with legislation (Article 6 'Shares', paragraph 2, of the Company's By-Laws).

As of the date of the Report, by virtue of the resolutions passed at the Special Meeting of Preference Shareholders held on 28 April 2011, the person representing all the preference shareholders is Prof. Massimo Franzoni.

The Representative will remain in office for three financial years (2011, 2012 and 2013) and in any case until approval of the financial statements for the year to 31 December 2013. He is paid a gross annual fee of €25,000.00 and is reimbursed for any expenses incurred in carrying out his duties.

At the time of the above-mentioned shareholders' meeting the Special Meeting of Preference Shareholders was also called on to approve the report on the fund set up to cover the cost of protecting the common interests of the preference shareholders.

12. SHAREHOLDER RELATIONS

The Company traditionally pays special attention to relations with its Shareholders, maintaining a constant dialogue with the market, in compliance with the laws and regulations applicable in this regard, while ensuring that press releases, financial and corporate documents and presentations made to the financial community are readily available on its website, under the Investor Relations and Corporate Governance sections, in order to provide shareholders and the market with adequate and reliable information.

The Company also facilitates the participation of journalists and experts at Meetings.

Relations with investors and financial analysts are dealt with by the Investor Relations department, which is part of the Business Plan Management and Group Financial Control Office (Tel.: +39 051 5077933 – Fax: +39 051 5076601 – e-mail: investor.relations@unipol.it).

APPENDICES TO THE REPORT

TABLE 1 – Board of Directors

Name	Position	In office since	Ex.	Non Ex.	Indep.¹	Indep. TUF²	% BoD³	Other offices⁴
Pierluigi Stefanini	Chairman	29/04/2010		x			100%	7
Piero Collina	Vice Chairman	29/04/2010		x			94%	4
Carlo Cimbri	Chief Executive	29/04/2010	x				100%	6
Francesco Berardini	Director	29/04/2010		x	(a)		100%	6
Sergio Betti	Director	29/04/2010		x	x	x	100%	1
Rocco Carannante	Director	29/04/2010		x		x	100%	1
Pier Luigi Celli	Director	29/04/2010		x	x	x	94%	1
Sergio Costalli	Director	29/04/2010		x	(a)		59%	6
Ernesto Dalle Rive	Director	29/04/2010		x	(a)		88%	6
Vincenzo Ferrari	Director	10/05/2012		x	(a)		82%	6
Jacques Forest	Director	29/04/2010		x			94%	8
Vanes Galanti	Director	29/04/2010		x			88%	3
Roger Iseli	Director	29/04/2010		x	x	x	88%	1
Claudio Levorato	Director	29/04/2010		x			71%	4
Ivan Malavasi	Director	29/04/2010		x	x	x	100%	0
Massimo Masotti	Director	29/04/2010		x	x	x	100%	1
Enrico Migliavacca	Director	29/04/2010		x		x	94%	1
Pier Luigi Morara	Director	29/04/2010		x	x	x	100%	1
Milo Pacchioni	Director	29/04/2010		x			100%	6
Marco Pedroni	Director	29/04/2010		x			88%	6
Giuseppe Politi	Director	29/04/2010		x	x	x	94%	1

Adriano Turrini	Director	30/06/2011		x	(a)		88%	1
Francesco Vella	Director	29/04/2010		x	x	x	100%	1
Marco Venturi	Director	29/04/2010		x		x	82%	1
Luca Zaccherini	Director	29/04/2010		x	x	x	100%	1

Directors who left office during the Financial Year:

Name	Position	In office since	Ex.	Non Ex.	Indep. ¹	Indep. TUF ²	% BoD ³
Mario Zucchelli	Director	29/04/2010		x			100%

(a) Director excluded a priori from the independence assessment – regardless of the requirements of the Code of Conduct - as he holds positions in the management bodies of the direct holding company Finsoe S.p.A. (see Paragraph 1.4 Section II).

1. Indicates whether the Director has been classed as independent by the Board of Directors (most recently at its meeting held on 21 March 2013) according to the criteria set out in the Code of Conduct and supplemented as stated in Paragraph 1.4 Section II.
2. Indicates whether the Director fulfils the independence requirements of article 148, paragraph 3, of the TUF (verification by the Board of Directors at its meeting held on 21 March 2013).
3. Indicates the Director's presence, in percentage terms, at meetings of the Board of Directors (the percentage is calculated by determining the number of meetings attended by the Director compared to the number of meetings of the Board held during the financial year or since he took office).
4. Indicates the total number of offices held in other listed companies in regulated markets (including foreign markets), in financial, banking, insurance or large companies. The list of these companies for each Director is shown in TABLE 2.

All the members of the Board of Directors fulfil the requirements of professionalism and respectability stated in regulatory and legislative provisions. For personal and professional information about each director, see the details published on the website at: www.unipol.it [Corporate Governance> Boards and Officials>](#) Board of Directors.

TABLE 2 – List of relevant posts held by Directors

Pursuant to the Code of Conduct, a list is provided below of the posts held by the Directors in companies listed in regulated markets (including foreign markets), financial, banking, insurance or large companies, as of the date of this report.

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

Name	Post held in UGF	Posts held in other companies
Pierluigi Stefanini	Chairman	Director of Finsoe S.p.A.
		Unipol Assicurazioni S.p.A. (*)
		Director of Unipol Banca S.p.A. (*)
		Chairman of Premafin Finanziaria S.p.A. – Holding Company (*)
		Vice Chairman of Fondiaria – SAI S.p.A. (*)
		Vice Chairman of Milano Assicurazioni S.p.A. (*)
		Supervisory Director of Manutencoop Facility Management S.p.A.
Piero Collina	Vice Chairman	Director of Finsoe S.p.A.
		Chairman of CCC Soc. Coop.
		Unipol Assicurazioni S.p.A. (*)
		Vice Chairman of Premafin Finanziaria S.p.A. – Holding Company (*)
Carlo Cimbri	Chief Executive Officer	Chief Executive Officer of Unipol Assicurazioni S.p.A. (*)
		Director of Unipol Banca S.p.A. (*)
		Director of Premafin Finanziaria S.p.A. – Holding Company (*)
		Chief Executive Officer of Fondiaria – SAI S.p.A. (*)
		Chief Executive Officer of Milano Assicurazioni S.p.A. (*)
		Director of Gemina S.p.A.
Francesco Berardini	Director	Director of Finsoe S.p.A.
		Vice Chairman of Unipol Assicurazioni S.p.A. (*)
		Director of Fondiaria – SAI S.p.A. (*)
		Chairman of Coop Liguria Società Cooperativa di Consumo
		Director of Coop Consorzio Nord Ovest Soc. Consortile a r.l.
		Vice Chairman of SIAT Società Italiana Assicurazioni e Riassicurazioni S.p.A. (*)
Sergio Betti	Director	Chairman of Marte Broker di Assicurazioni S.r.l
Rocco Carannante	Director	Vice Chairman of Unisalute S.p.A. (*)

Pier Celli	Luigi Director	Director of ILLYCAFFE' S.p.A.
		Director of Finsoe S.p.A.
		Vice Chairman of Unipol Banca S.p.A. ^(*)
Sergio Costalli	Director	Chairman of Unipol Merchant S.p.A. ^(*)
		Director of Fondiaria – SAI S.p.A. ^(*)
		Vice Chairman of Unicoop Tirreno Soc. Coop.
		Vice Chairman Immobiliare Grande Distribuzione S.p.A.
		Director of Finsoe S.p.A.
		Unipol Assicurazioni S.p.A. ^(*)
Ernesto Dalle Rive	Director	Director of Premafin Finanziaria S.p.A. – Holding Company ^(*)
		Director of Fondiaria – SAI S.p.A. ^(*)
		Chairman, Chief Executive Officer and General Manager of Nova Coop S.c.a.r.l
		Director of Coop Consorzio Nord Ovest S.c.r.l.
		Director of Finsoe S.p.A.
		Unipol Assicurazioni S.p.A. ^(*)
Vincenzo Ferrari	Director	Director of Unipol Merchant S.p.A. ^(*)
		Director of Unicard S.p.A. ^(*)
		Chairman of Collegio Sindacale Centrale Adriatica Soc. Coop.
		Regular Auditor of Coop Italia – Consorzio Nazionale Non Alimentari Soc. Coop.
		Director of Finsoe S.p.A.
		Chairman of Group Multipharma (Belgium)
		Chairman of Multipharma (Belgium)
Jacques Forest	Director	Director of PSH S.C. (Belgium)
		Chairman of P&V (Belgium)
		Chairman of Vivium (Belgium)
		Chairman of P&V Caisse Commune (Belgium)
		Chairman of Actel (Belgium)
		Director of Finsoe S.p.A.
Vanes Galanti	Director	Chairman of Unipol Assicurazioni S.p.A. ^(*)
		Director of Fondiaria – SAI S.p.A. ^(*)
		Director of Finsoe S.p.A.
Roger Iseli	Director	Vice Chairman of Sineterystiki Insurance Company (Greece)

		Director of Finsoe S.p.A.
Claudio Levorato	Director	Director of Fondiaria – SAI S.p.A. ^(*) Chairman of Manutencoop Soc. Coop. Chairman and Chief Executive Officer of the Management Board of Manutencoop Facility Management S.p.A.
Ivan Malavasi	Director	--
Massimo Masotti	Director	Regular Auditor of Cefla Capital Services S.p.A.
Enrico Migliavacca	Director	Unipol Assicurazioni S.p.A. ^(*)
Pier Morara	Luigi Director	Regular Auditor of Coop Consumatori NordEst Soc. Coop.
Milo Pacchioni	Director	Vice Chairman and Chief Executive Officer of Finsoe S.p.A. Director of Fondiaria – SAI S.p.A. ^(*) Director of Grandi Salumifici Italiani S.p.A. Chairman and Chief Executive Officer of Assicoop Modena & Ferrara S.p.A. Director of Assicoop Emilia Nord S.r.L. Director of Assicoop Romagna Futura S.r.L.
Marco Pedroni	Director	Chairman and Chief Executive Officer of Finsoe S.p.A. Director of Unipol Assicurazioni S.p.A. ^(*) Director of Fondiaria – SAI S.p.A. ^(*) Chairman of Coop Consumatori Nordest Soc. Coop. Director of Centrale Adriatica Soc. Coop. Director of Premafin Finanziaria S.p.A. – Holding Company ^(*)
Giuseppe Politi	Director	Director of Unipol Banca S.p.A. ^(*)
Adriano Turrini	Director	Director of Finsoe S.p.A. Director of Centrale Adriatica Soc. Coop. Chairman of Coop Adriatica S.c.r.l.
Francesco Vella	Director	Chairman of Collegio Sindacale Luxottica Group S.p.A.
Marco Venturi	Director	Director of Unipol Banca S.p.A. ^(*)
Luca Zaccherini	Director	Director of Cefla Capital Services S.p.A.

TABLE 3 – Committees of the Board of Directors

	Members	Position		% Attendance
CHAIRMAN'S COMMITTEE	Pierluigi Stefanini	Chairman		100%
	Piero Collina	Member		89%
	Carlo Cimbri	Member		100%
	Sergio Costalli	Member		56%
	Ernesto Dalle Rive	Member		72%
	Vincenzo Ferrari ^(*)	Member		83%
	Vanes Galanti	Member		100%
	Milo Pacchioni	Member		89%
	Marco Pedroni	Member		72%
Adriano Turrini	Member		94%	
	Members	Position	Independent	% Attendance
APPOINTMENTS AND CORPORATE GOVERNANCE COMMITTEE	Pier Luigi Morara	Chairman	x	100%
	Francesco Berardini	Member	(*)	83%
	Claudio Levorato	Member		50%
	Giuseppe Politi	Member	x	83%
	Members	Position	Independent	% Attendance
REMUNERATION COMMITTEE	Enrico Migliavacca	Chairman		100%
	Sergio Betti	Member	x	100%
	Pier Luigi Celli	Member	x	100%
	Jacques Forest	Member		100%
	Ivan Malavasi	Member	x	75%
	Members	Position	Independent	% Attendance
CONTROL AND RISKS COMMITTEE	Massimo Masotti	Chairman	x	100%
	Rocco Carannante	Member		89%
	Roger Iseli	Member	x	56%
	Luca Zaccherini	Member	x	56%

	Members	Position	% Attendance
SOCIAL RESPONSIBILITY COMMITTEE AND ETHICS COMMITTEE	Francesco Vella	Chairman	100%
	Pier Luigi Celli	Member	100%
	Marco Venturi	Member	25%
	Members	Position	% Attendance
COMMITTEE FOR TRANSACTIONS WITH RELATED PARTIES	Pier Luigi Morara	Chairman	100%
	Massimo Masotti	Member	100%
	Francesco Vella	Member	90%
	Luca Zaccherini	Member	100%

(*)appointed on 10 May 2012

Members of the Committee who left office during the Financial Year:

	Members	Position	% Attendance
CHAIRMAN'S COMMITTEE	Mario Zucchelli	Member	40%

TABLE 4 – Supervisory Body

	Members	Position	% Attendance
	Massimo Masotti	Chairman	100%
	Andrea Alessandri	Member	100%
SUPERVISORY BODY	Rocco Carannante	Member	100%
	Roberto Giay	Member	50%
	Luca Zaccherini	Member	100%

TABLE 5 – Board of Statutory Auditors

Name	Position	In office since	Drawn from list	Indep. from Code	% BoD ²	% Att ³	% BSA ⁴	Other offices ⁵
Roberto Chiusoli	Chairman	29/04/2010	¹	x	88%	100%	100%	10
Domenico Livio Trombone	Regular Auditor	29/04/2010	¹	x	100%	100%	94%	22
Giorgio Picone	Regular Auditor	29/04/2010	¹	x	94%	100%	94%	12

1 Name drawn from the list presented by the majority shareholder Finsoe at the Shareholders' Meeting on 29 April 2010.

2 Indicates the Statutory Auditor's presence, in percentage terms, at meetings of the Board of Directors (the percentage is calculated by determining the number of meetings attended by the Statutory Auditor compared to the number of meetings of the Board held during the financial year or since he took office).

3 Indicates the Statutory Auditor's presence, in percentage terms, at Shareholders' meetings (the percentage is calculated by determining the number of meetings attended by the Statutory Auditor compared to the number of Shareholders' meetings held during the financial year or since he took office).

4 Indicates the Statutory Auditor's presence, in percentage terms, at meetings of the Board of Statutory Auditors (the percentage is calculated by determining the number of meetings attended by the Statutory Auditor compared to the number of meetings of the Board of Statutory Auditors held during the financial year or since he took office)

5 Indicates the number of offices of Director or Statutory Auditor held by the individual concerned in other companies.

All the members of the Board of Statutory Auditors fulfil the professionalism and respectability requirements stated in current regulatory and legislative provisions. For personal and professional information about each statutory auditor, see the details published on the website at: www.unipol.it [Corporate Governance](#)> [Board and Officials](#)> Board of Statutory Auditors.

TABLE 6 - Other provisions of the Code of Conduct

	YES	NO	Summary of the reasons for any deviations from the recommendations contained in the Code
System of delegating powers and operations with related parties			
Has the BoD delegated powers and specified their:			
a) limits	X		
b) operating procedures	X		
c) and how often reports should be submitted?	X		
Is the BoD responsible for examining and approving operations that have a particular financial implication or involve major amounts of capital or levels of investment (including operations with related parties)?	X		
Has the BoD issued guidelines and criteria for identifying 'major' operations?	X		
Are the guidelines and the criteria referred to above described in the report?	X		
Has the BoD laid down appropriate procedures for examining and approving operations with related parties?	X		
Are the procedures for approving operations with related parties described in the report?	X		
Procedures for the most recent appointment of directors and auditors			
Were nominations for the post of director submitted at least ten days in advance?	X		
Were nominations for the post of director accompanied by full details?	X		
Were nominations for the post of director accompanied by indications of suitability to be deemed to be independent?	X		
Were nominations for the post of auditor submitted at least ten days in advance?	X		
Were nominations for the post of auditor accompanied by full details?	X		

Section 1.02 Shareholders' Meetings

Has the Company approved a set of rules for Shareholders' Meetings? X

Are the rules appended to the report (or is there an indication of where they can be obtained/downloaded)? X

Section 1.03 Internal audit

Has the Company appointed those responsible for the internal audit? X

Are those responsible independent of those in charge of operational areas? X

Organisational unit responsible for internal auditing Auditing Department

Section 1.04 Investor relations

Has the Company appointed a person to be in charge of investor relations? X

Organisational unit and details (address/telephone/fax/e-mail) of the person in charge of investor relations

Investor Relations
Telephone: (+39) 051 5077933
Fax: (+39) 051 5076601
Email: investor.relations@unipol.it
