2020

Integrated Consolidated Financial Statements

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UnipolGruppo

Annual Integrated Report and Consolidated Financial Statements

2020

Translation from the Italian original solely for the convenience of international readers


Unipol GRUPPO

PROUDLY ITALIAN

2020 will be remembered for the COVID-19 pandemic that descended on Italy and on the entire world; a historic moment in which all of us - people, businesses, institutions, communities - were called upon to show unprecedented responsibility and commitment.

Being such a profoundly Italian Group, we felt an even stronger need - in the midst of this difficult health, economic and social scenario - to remain close to the country and our stakeholders with wide-ranging initiatives for our customers, for all our partners and for the entire community, starting with those working on the front line against the virus, at healthcare and institutional level, yet continuing to generate value also for our shareholders.

We will be using images to accompany this account, a picture story of situations we have all lived through. Situations that bring us together, such as our common bond with the red, white and green that has flown on our balconies in recent months, that has brightened our monuments and buildings and which, as a sign of solidarity, we saw light up the whole world in the moment when Italy was hurting the most.

A symbol that we wanted to also include in our trademark, making the soul-binding pride that drives us even more evident. A pride that is pure Italian.

Company bodies

BOARD OF DIRECTORS	CHAIRMAN	Pierluigi Stefanini	
	VICE CHAIRMAN	Ernesto Dalle Rive	
	CHIEF EXECUTIVE OFFICER GENERAL MANAGER GROUP CEO	Carlo Cimbri	
	DIRECTORS	Gianmaria Balducci	Antonietta Mundo
		Mario Cifiello	Milo Pacchioni
		Roberta Datteri	Maria Antonietta Pasquariello
		Patrizia De Luise	Roberto Pittalis
		Massimo Desiderio	Annamaria Trovò
		Daniele Ferrè	Adriano Turrini
		Giuseppina Gualtieri	Rossana Zambelli
		Pier Luigi Morara	Carlo Zini
	SECRETARY OF THE BOARD OF DIRECTORS	Fulvia Pirini	
BOARD OF STATUTORY AUDITORS	CHAIRMAN	Mario Civetta	
	STATUTORY AUDITORS	Silvia Bocci	
		Roberto Chiusoli	
	ALTERNATE AUDITORS	Massimo Gatto	
		Rossella Porfido	
MANAGER IN CHARGE OF FINANCIAL REPORTING		Maurizio Castellina	
INDEPENDENT AUDITORS		PricewaterhouseCoopers SpA	

Contents

Letter from the Chairman

2020 was a year that was far from ordinary, overturning interpretation formats, relational models, and even how we think about the future and plan for the present. The Unipol Group has faced this crisis with determination, always putting people first, their health, protection of their spending power, and their feelings. It is important to emphasise the initiatives undertaken to mitigate the impact of the crisis on our customers, our colleagues, our agents, and the communities hardest hit by COVID-19.

The 2020 Integrated Report represents this major commitment, leveraging all of its aspects, since it was closely linked to our core business, yet at the same time demonstrates the capacity for resilience we have shown and which will guide our work for the near future. We are weary as this difficult phase comes to a close, but also innovated and strengthened. Like everyone, we have accelerated the digitalisation processes, both internal and external, that we are learning to live with and, to best govern them, we have decided to adopt a special data responsibility policy.

The new aspects of this Report do not only regard management of the pandemic and its consequences. Our actions to ensure sustainable business management have continued, in fact, and given the Group new policies and new tools. Indeed, in this Report we are reporting for the first time on the results of sustainability risk governance processes activated, with a focus on those assessed by the newly-established ESG Task Force because we believe transparency to be fundamental in relations with stakeholders.

The regulatory provisions defined and pending definition for the financial sector in this respect are numerous and complex, and we consider them to be an important market qualification tool and support for the dissemination of responsible finance as a key player in sustainable development. For this reason we have initiated extensive adaptation processes that ensure our positioning is always higher than the legislative requirements, marking us among the good practices in the sector.

In this context, our commitment to participating in the reflections on sustainability for the international financial system has increased further, knowing that the integration of the different processes and tools existing at this time, by public and private institutions, is fundamental to ensuring transition of the business system in support of the UN 2030 Agenda.

Pierluigi Stefanini

Letter from the Chief Executive Officer

Dear reader, Dear Unipol Gruppo shareholders,

The Shareholders' Meeting is called upon to approve the Unipol Gruppo financial statements relating to one of the most difficult years in our country's recent history. In Italy, the COVID-19 pandemic has caused the worst economic recession of the post-war period, with GDP dropping by 8.9% in 2020. The human, social and economic consequences of the health crisis have been terrible. In 2020, we lost almost 450 thousand jobs, i.e. around 2% of the workforce, and tragically have recorded over 100 thousand deaths from COVID-19 to date. The Unipol Group wanted to tangibly express its closeness to our compatriots and to all of those who have suffered due to the pandemic, to law enforcement officers, volunteers and all the healthcare workers, whose enormous efforts - even risking their own lives - was plain to all, by donating over €20m to healthcare facilities in the Italian regions worst hit by the pandemic and making other facilities available to the national health service to house new intensive care beds.

It was an extraordinary year for our country, but also for the Unipol Group. We have had to deal with challenges that were previously unimaginable to guarantee the continuity of our services, considered essential since the outset of the pandemic, and which we therefore had to the duty to continue to provide throughout the year, including during lockdown periods.

It was necessary to adopt unconventional initiatives to guarantee that agencies could open their doors in compliance with the safety protocols and regulatory provisions implemented over time, providing medical safeguards, changing layouts and, when necessary, financing the agencies which saw their turnover drop precipitously during the initial critical phase in which our country was completely shut down.

The decision to have more than 90% of our employees and associates work remotely was just as unconventional, and made possible by a great organisational effort and willingness on the part of all personnel who covered the inevitable immediate gaps in readily usable tools, including by temporarily making use of personal equipment.

The gratitude of the Shareholders, the Board of Directors and my personal appreciation goes out to all of our colleagues, the agencies and employees throughout the Unipol Group, for the spirit of sacrifice and dedication with which they faced this long phase of uncertainties and deprivation, which even today continues to afflict our country and which makes me even prouder still to contribute to the solid and lasting growth of this excellent community of individuals which is the Unipol Group.

It was not enough for us to simply guarantee the continuity of services to our customers, but rather we felt the need to do more, to make sure they felt our concrete presence during this difficult time. From this perspective, UnipolSai decided to return the equivalent of one month of what was already paid by our policyholders for MV policies in force at 12 April 2020, to be deducted from their insurance premium when they renew their policy.

And in the same vein, UnipolSai also made the decision, in partnership with UniSalute, to provide all of our natural person policyholders with a COVID policy at no cost.

Despite the extremely difficult economic and absolutely turbulent market context, we carried out major extraordinary transactions. We subscribed to our portion of the share capital increase that allowed BPER to acquire a business unit comprising 620 branches and more than one million customers of the former UBI Banca, in execution of the arrangements associated with its acquisition by Intesa Sanpaolo. These same arrangements also envisage the Unipol Group's acquisition of business units relating to the life insurance company interests of the former UBI Banca which should contribute new reserves for around €10bn. The dimensional growth of BPER will make it possible to expand our distribution capacity in the bancassurance channel.
Developments continued with regard to the mobility ecosystem, acquiring an online platform for the purchase and sale of used vehicles by private parties, a transaction with a strong synergistic potential with long-term vehicle rental services and which integrates the provision of insurance services in the mobility segment.

The economic and financial results of the Unipol Group have shown strong resilience to developments in the economic and healthcare contexts. Non-Life premiums recorded a decline that was, on the whole, limited, despite the considerable difficulty in fully developing *our commercial proposal due to mobility restrictions, because we managed to enhance the multichannel tools and the digitalisation of underwriting processes, implementing prompt and targeted initiatives to preserve our customer portfolio, even in a context where competitive pressure is strongly increasing. The Group's development in digital processes will characterise our activities during the current year as well as in those to come. The more pronounced decline in Life premiums, on the other hand, depends to a large extent on the decision to limit the offer of products with guarantees so as to reduce exposure to financial risks in a context of very low interest rates.*

Group profitability has certainly benefited from the decrease in claims frequency that was seen in a number of Non-Life classes, but especially reflects the constant commitment to advance with determination, despite the context, the projects in our Business Plan to improve operating efficiency and streamline the costs structure.

Thanks to extraordinary efforts in such a difficult year, the Group companies have managed to keep technical and operating efficiency standards higher than those of the sector, and the Group presents itself to the market and to you as shareholders with profit levels and capital strength that have never been reached before, up on 2019 and fully in line with the objectives outlined in the 2019-2021 Business Plan.

Uncertainties regarding the economic outlook and financial market trends drove the Supervisory Authorities to demand maximum prudence from insurance companies in the distribution of dividends.
The Board of Directors of Unipol Gruppo has decided to submit a proposal to the Shareholders' Meeting for the distribution of a dividend of €201m on 2020 profit, retaining the entire 2019 profit in reserves. However, on the basis of actual data and trends under way in the current year, the Board believes that all the requirements are met for achieving objectives in terms of profit and the total cumulative dividends established over the term of the 2019-2021 Plan.

Obviously, whether they can be distributed will depend on the requirements set by sector regulators, which we hope will attenuate in parallel with the success of the ongoing vaccine campaign and indicators of economic recovery.
Again this year, the Group will do all that is possible to generate distributable resources, while maintaining strict oversight over its capital strength.

The strength of the Unipol Group rests on the professionalism of our colleagues, on the know-how and technological capital built in recent years and on the strong synergy with an extensive, professional and proactive distribution network, a well as on the well-established relationship of trust we have built with so many millions of people and businesses.

These assets have allowed us to achieve technical, distribution and service excellence that exceeds sector standards, making the Unipol brand synonymous with quality and reliability in the Italian market, as witnessed by the Group's leading position in the Italian financial sector in terms of reputation.

We intend to leverage these assets in order to continue being the point of reference for mobility, welfare and asset protection needs for millions of Italians.

We strive to support the economy of households and businesses to turn this difficult page in our history and reignite the economy, vitality and creativity of our country.

We are certain that Unipol's women and men will be capable of meeting these challenges.

Carlo Cimbri

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ANNUAL INTEGRATED REPORT

CONSOLIDATED NON FINANCIAL STATEMENT PURSUANT TO ITALIAN LEGISLATIVE DECREE 254/2016

The decision to integrate the Consolidated Non-Financial Statement (NFS), pursuant to Italian Legislative Decree 254/2016, into the "Annual Integrated Report" (or "Integrated Report") aims to make it part of a continuous improvement process, well beyond mere compliance with legal and regulatory provisions. Unipol thus presents the set of factors that determine the Group's capacity to generate value, as a result of the widespread commitment to protecting the company's assets and profitability, identifying solutions that meet stakeholder needs and promoting the sustainable development of the communities in which it carries on its business.
In line with legislation, the NFS discusses environmental and social matters as well as topics relating to personnel, respect for human rights and the fight against corruption, which are relevant taking into account the Group's activities and characteristics, and which are reported to the extent necessary to ensure an understanding of the Group's activities, performance, results and the impact it generates. The relevance of the topics is determined through the materiality analysis process described in the "Material topics" section, the results of which are summarised through the materiality matrix also published there.
For the preparation of this document, which aims to meet the multiple information and transparency expectations of the various stakeholders (beginning with institutions and investors), the Group has taken a plurality of methodological contributions as a reference, applying them in an integrated manner. In particular, the following should be noted:

- the Report is prepared on the basis of the standards laid out in the International Integrated Reporting Framework issued by the International Integrated Reporting Council (IIRC) in December 2013;[1]
- the "Guidelines on non-financial reporting" published by the European Commission in 2017 (2017/C 215/01) constitute the general framework of the content and method considered for the preparation of the NFS and guide the creation of the materiality matrix;
- non-financial performance indicators were defined by using the "Sustainability Reporting Standards" issued in 2016 (with subsequent amendments) by the Global Reporting Initiative (GRI) as a methodological reference, and using the "GRI-Referenced" approach. In addition, several indicators of the Financial Services Sector Disclosure belonging to the GRI G4 guidelines were also reported on;
- the Recommendations published in June 2017 by the Task Force on Climate-related Financial Disclosures (TCFD), as well as the European Commission's "Guidelines on reporting climate-related information" (June 2019), further support in reporting information associated with the issue of climate change.

The scope of reporting of non-financial information, as requested by Italian Legislative Decree 254/2016, coincides with that of the Consolidated Financial Statements, including fully consolidated companies for the financial reporting at 31 December 2020. All scope exceptions are appropriately described in the relative sections of the document. Such exceptions are insignificant in terms of understanding the activities of the company, its performance, its results and its impact.
The data needed to compile this information were gathered and processed using a dedicated IT system which makes it possible to ensure full traceability of the data collection and consolidation process. The information relating to 2020 was provided with a comparison with that disclosed in the previous year, as required by Italian Legislative Decree 254/16.

To comply with document summary needs, maintaining the depth and breadth of information to the benefit of stakeholders, the document is supplemented by an Appendix ("Appendix - Unipol in numbers") which contains additional data and particularly illustrates the GRI indicators reported on by the Group.

The table below supports the traceability of the non-financial information within the document; said information can subsequently be clearly identified in the Annual Integrated Report by using the following icon, with the goal of further improving use of the information. NFS

The content published in reference to the TCFD recommendations is identified by the following icon, with the goal of further improving use of the information. TCFD

[1] In January 2021, an update to the International Reporting Framework was issued which, in line with obligations envisaged by the International Integrated Reporting Council (IIRC), will be adopted by the Unipol Group from 2022.

Pursuant to Art. 5 of the Consob Regulation dated 18 January 2018, the Unipol Group has appointed the independent auditors PwC S.p.A., currently responsible for audit of the consolidated financial statements for the years 2012-2020, for the limited assurance engagement, according to the ISAE3000 standard, in reference to the NFS. Their report is attached to this document.

In light of the Unipol Group's commitment to contribute to reaching the Sustainable Development Goals (SDGs) of the UN 2030 Agenda, reported in the Sustainability Policy and adopted at strategic level, it has been deemed appropriate to also explain the correlations of the content reported on with such Goals in the following table. In the same way, a special section of the NFS supplements the disclosure on our progress in implementing the UN Global Compact initiative.

Issue indicated in Italian Legislative Decree 254/2016	Italian Legislative Decree 254/2016	Page reference in the Annual Integrated Report	SDGs [2]*
Material topics	Art. 3, par. 1	Pages 14-15: "Consolidated Non-Financial Statement pursuant to Italian Legislative Decree 254/2016"; Page 38: "Material stakeholder engagement topics and processes"	
Organisation and management model	Art. 3, par. 1a	Pages 18-19: "Activities and sectors"; Pages 20-21: "Group highlights" Pages 47-49: "Human Capital"; Pages 50-54: "Social and Relational Capital"; Pages 60-66: "Support to the realisation of the 2030 Agenda and contribution to combating the climate emergency"; Pages 69-80: "Internal Control and Risk Management System"	
Business policies, results, indicators	Art. 3, par. 1b	Pages 9-11: "Letter from the Chairman and Letter from the Chief Executive Officer" Pages 34-35: "Future orientation in the use of capital" Pages 42-43: "Financial Capital" Pages 50-54: "Social and Relational Capital" Pages 58-66: "Shared value: the impacts generated by the Unipol Group" Pages 67-68: "Corporate Governance" Pages 121-127: "Appendix"	1, 3, 8, 9, 12, 17
Main risks	Art. 3, par. 1c	Pages 34-35: "Future orientation in the use of capital" Page 37: "The Unipol Group's climate strategy" Pages 69-80: "Internal Control and Risk Management System"	13
Energy resources, water resources, emissions	Art. 3, par. 2a Art. 3, par. 2b	Pages 55-57: "Natural Capital" Page 80: "Sanctions" Pages 121-127: "Appendix"	6, 7, 12, 13
Impact on the environment, health and safety	Art. 3, par. 2c	Pages 42-43: "Financial Capital" Pages 50-54: "Social and Relational Capital"	11, 12
Human Resource management and gender balance	Art. 3, par. 2d	Pages 47-49: "Human Capital" Pages 67-68: "Corporate Governance" Pages 82-83: "Remuneration system and incentives" Pages 121-127: "Appendix"	4, 5, 8
Respect for human rights	Art. 3, par. 2e	Pages 16-17: "Unipol Group Vision, Mission and Values" Pages 70-75: "The monitoring of social, environmental and governance risks ("ESG risks") Pages 115-116: "Ethics Report"; Page 128: "CoP"	8, 12
Fight against corruption	Art. 3, par. 2f	Pages 70-75: "The monitoring of social, environmental and governance risks ("ESG risks")"; Pages 76-77: "Protection of personal data"; Pages 78-79: "Anti-corruption"; Page 80: "Sanctions"; Pages 121-127: "Appendix"	16
Reporting standard adopted	Art. 3, par. 3, 4 and 5	Pages 14-15: "Consolidated Non-Financial Statement pursuant to Italian Legislative Decree 254/2016" Pages 118-119: "Synoptic table with non-financial information"	
Diversity among members of the administration bodies	Art. 10, par. 1a	Pages 67-68: "Corporate Governance" Pages 69-80: "Internal Control and Risk Management System" Pages 82-83: "Remuneration system and incentives"	5

[2] For greater details of the Sustainable Development Goals, reference should be made to the Glossary and to the website http://asvis.it/ for an up-to-date overview of their relationship to the business models of companies in Italy.

THE UNIPOL GROUP

Unipol Group Vision, Mission and Values

NFS

The creation of shared, sustainable value from the economic, social and environmental perspective has always characterised the Group's actions. Unipol aims to guarantee people more security and confidence in the future, through its capacity to offer integrated solutions capable of fully meeting everyone's complex needs, with support from the active presence of local networks and responsible development of emerging technological opportunities.

VISION

"We strive to be a great Italian group proud of its history, which knows how to be close to people and their needs, a market leader capable of offering and receiving trust and of working competently, simply and quickly, while creating value for all stakeholders".

MISSION

"We are responsible for improving the quality of life of our customers by proposing solutions for the protection, support and realisation of their projects. We pursue efficient, profitable and sustainable business management over time, based on the contribution and enhancement of our people".

OUR CORE VALUES

The Group's Core Values, identified through a shared process, are expressed in our **Charter of Values** and outlined in the **Code of Ethics** as behavioural principles towards the various stakeholders.

Accessibility | Farsightedness | Respect | Solidarity | Responsibility

The commitments accepted in the Code of Ethics are firmly expressed in the **Sustainability Policy**, which outlines risk management strategies and objectives in terms of ESG (Environmental, Social and Governance) impact considered material to the Group, in accordance with that defined in the materiality matrix. The identification of guidelines for the monitoring of ESG risks, in the Policy in question, is then adopted in all the business policies in order to guarantee complete monitoring and a suitable degree of integration (see paragraph "The monitoring of social, environmental and governance risks ("ESG risks")".

The Sustainability Policy, inspired by the Sustainable Development Goals and the UN Global Compact principles, commits the company with respect to:

- Protection of human and labour rights
- Equal opportunities
- Environmental protection and combating climate change
- Fairness and transparency for consumers
- Financial inclusion and education
- Fair business practices, particularly as regards lobbying and tax strategy practices

The Policy was updated in 2021[3]. Among the main developments were formalisation of the Group's commitment to integrating the interpretation of current and emerging social and environmental needs into its strategic planning activities, with a view to preparing effective responses in this respect, and the definition of a specific commitment to the governance of risks, opportunities and impacts associated with land, sea and waterway ecosystems (loss of **biodiversity** and *nature-related risk*).

For further details on the Unipol Group's Sustainability Policy, please refer to the Sustainability governance section of the Unipol Group's website.

[3] This version was approved by the Board of Directors of Unipol Gruppo on 11 February 2021.

NFS

Activities and sectors

Unipol Gruppo SpA ("Unipol") is a holding company at the top of the Unipol Group (hereinafter also "the Group"), a leader in the Italian insurance market, first in terms of premiums in the Non-Life business and also present in various market sectors other than insurance. Unipol is listed on the Milan Stock Exchange and manages and coordinates all the subsidiaries.
The Group's activities are divided into the following lines of business.

Insurance

The Group offers the market the entire range of risk cover solutions: in mobility (vehicles, sportscraft and travel), for the home and condominiums, for work (products dedicated to businesses, traders, professionals and legal protection), for personal protection (particularly accident and health protection policies), and for investments and welfare. **UnipolSai Assicurazioni SpA** is the main Insurance Company, supported by specialist companies: **UniSalute**, specialising in the Healthcare segment; **Linear**, a company specialising in direct sales, online and via call centres, of MV products; **SIAT**, operating in the Transport business, with corporate customers primarily reached through brokers.
Outside Italy, the Group operates in Serbia, through the subsidiary **DDOR Novi Sad** and the dedicated captive reinsurance company **Ddor Re**, and in Ireland with **UnipolRe**, a professional reinsurance company with AM Best A- rating, which provides reinsurance services to insurance businesses and groups in the EMEA region.

Bancassurance

The Group is active in the bancassurance channel through agreements with the BPER Banca Group and Banca Popolare di Sondrio for the distribution of **Arca Assicurazioni** and **Arca Vita** products, with Banca Intermobiliare for the sale of **BIM Vita** products and with the UniCredit Group which markets Fire and Credit Protection products in the Non-Life business and products with **Incontra Assicurazioni** healthcare coverage.

Real Estate and Other Businesses

The Group is one of the leading real estate operators in Italy in terms of assets and is also active in the following sectors:

- hospitality through **Gruppo UNA**, with assets consisting of 38 facilities (hotels, residences and resorts), of which 32 managed directly or under management and 6 affiliates with franchising agreements in some of the main cities and most renowned tourist destinations in Italy;
- agricultural through **Tenute del Cerro**, owner of around 4,300 hectares of land in Tuscany and Umbria, of which 300 hectares of vineyards among the most sought-after for high quality wine production;
- healthcare through the **Villa Donatello and Centro Florence care homes** and the **Dyadea multi-specialist centres**;
- harbour facilities through **Marina di Loano**, centrally located in western Liguria and able to moor over 900 craft with lengths from 6 to 80 metres.

Through **UnipolSai Investimenti SGR**, the Unipol Group manages real estate investment funds and through **UnipolReC**, a financial intermediary registered pursuant to Art. 106 of the Consolidated Law on Banking, it offers impaired loan management and collection.

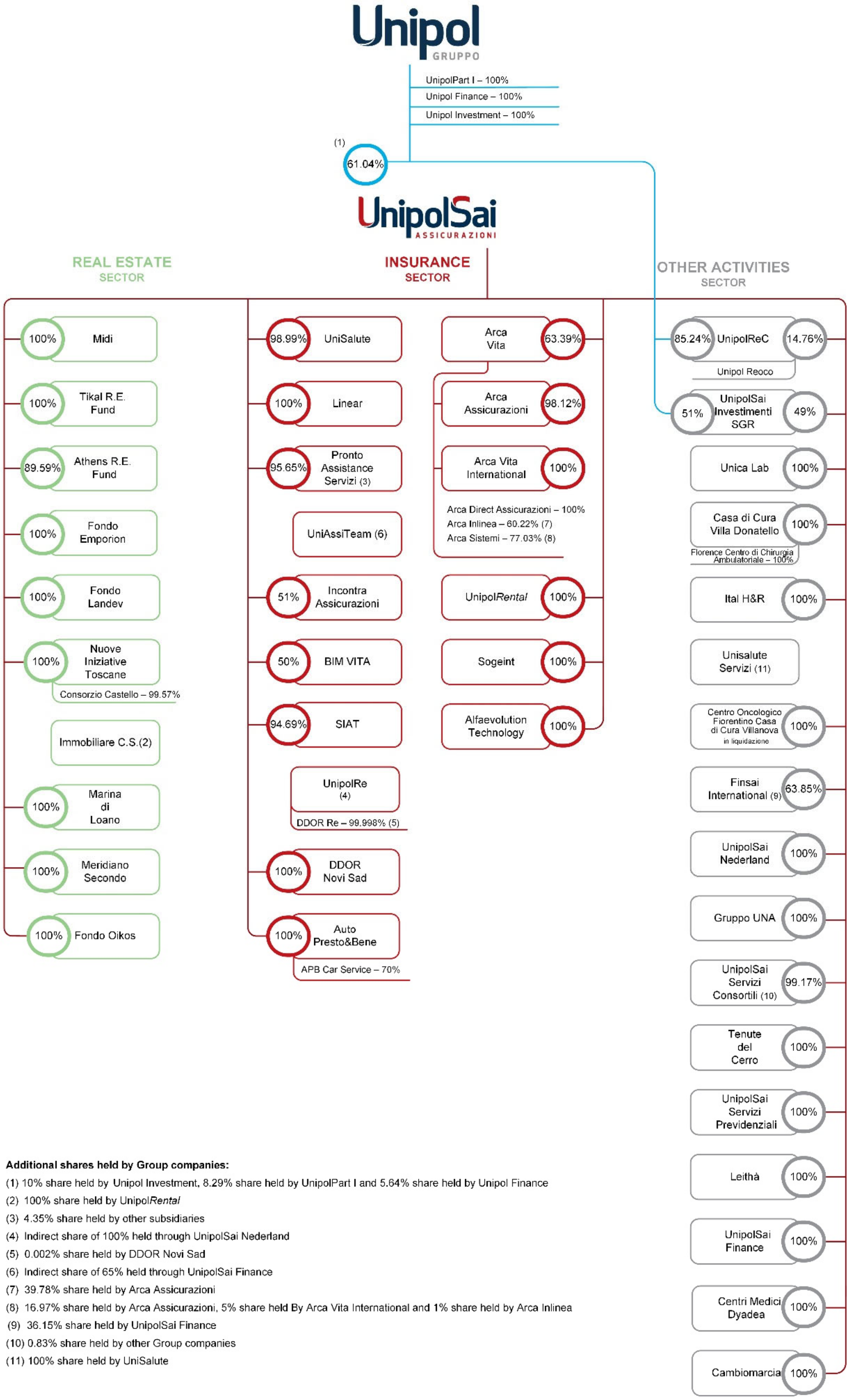
Commercial Services and New Projects

The Group has developed commercial initiatives to support insurance activities in the mobility ecosystem, as regards vehicle and glass repairs, black box management and long-term vehicle rental.
The service companies instrumental to the insurance business characterise and make Unipol's insurance offer distinctive with the direct and integrated governance of service processes:

- **Auto Presto&Bene**, a network of repair shops throughout Italy to offer MV policyholders certified repairs with no cash advance;
- **APB Car Service (MyGlass)**, for repair and glass replacement services;
- **Unipol*Rental*** for the management of company fleets and long-term car rental;
- **Cambiomarcia**, owner of a platform for used car sales;
- **AlfaEvolution Technology**, the telematics provider of UnipolSai and other Group companies.

Leithà is the company specifically dedicated to innovation.
Unipolis is the business foundation of the Unipol Group, of which it is one of the most important tools for implementing social responsibility initiatives, within the framework of the more comprehensive sustainability strategy.

The performance of the various business areas in which the Group operates is reported in the Unipol Group Performance section



Additional shares held by Group companies:

(1) 10% share held by Unipol Investment, 8.29% share held by UnipolPart I and 5.64% share held by Unipol Finance
(2) 100% share held by Unipol*Rental*
(3) 4.35% share held by other subsidiaries
(4) Indirect share of 100% held through UnipolSai Nederland
(5) 0.002% share held by DDOR Novi Sad
(6) Indirect share of 65% held through UnipolSai Finance
(7) 39.78% share held by Arca Assicurazioni
(8) 16.97% share held by Arca Assicurazioni, 5% share held By Arca Vita International and 1% share held by Arca Inlinea
(9) 36.15% share held by UnipolSai Finance
(10) 0.83% share held by other Group companies
(11) 100% share held by UniSalute

Highlights

6,395 5,441

Employees
11,836

Operating Network

Agencies	2,532
Sub-agencies	5,401
Bancassurance	5,362

Competitiveness in the Market

RELIABILITY
REPUTATION

Solvency Ratio

216%**
+29 b.p.
vs 2019

Group Shareholders' Equity

7,614 €m
+13.8%
vs 2019

3 Customers and Policyholders

INDIVIDUALS
15.8 million

LEGAL ENTITIES
0.9 million

4 Performance

PREMIUMS	**€m**	**Var. vs 2019**
Non-Life direct insurance	7,882	-3.5%
Life direct insurance	4,328	-26.0%
- of which Life investment products	*569*	*+45.0%*
Direct insurance premiums	**12,210**	**-12.9%**

RATIOS	**2020**	**2019**
Non-Life Loss Ratio - net of reins.	58.8%	66.3%
Non-Life Expense Ratio - net of reins.	28.2%	27.9%
Non-Life Combined Ratio - net of reins.	87.0%	94.2%
Group pro-rata APE (€m)	397	493
Life Expense Ratio - net of reins.	5.0%	3.7%

	€m	**Var. vs 2019**
Investments and cash and cash equivalents	**71,271**	**+5.2%**
Technical provisions	**57,707**	**+0.2%**
•Non-Life	14,388	-4.5%
•Life	43,319	+1.9%
Financial liabilities	**9,730**	**+25.2%**

5 Consolidated profit (loss)

+864 €m

Normalised result (*)

+905 €m

6 Value for Shareholders

ROE	11.54%
EPS	0.99 ***
BVPS	10.61 ***

(*) Excluding the effects of extraordinary transactions
(**) Value calculated on the basis of the information available as of today. The definitive results will be reported to the Supervisory Authority with the timing required by regulations in force.
(***) Calculated on the total number of shares.

Significant events in 2020 and after 31 December 2020

NFS

COVID-19 - Impacts and initiatives of the Group

2020 was characterised by the progressive spread of the COVID-19 pandemic, which initially arose in China at the end of 2019 and then spread globally, becoming a pandemic, in the early months of 2020, with significant repercussions on global economic and financial market trends. Subsequent action by the central banks, which announced monetary policies due to remain strongly expansive in the long term and Recovery Fund initiatives, including non-repayable subsidies, to encourage economic recovery, then allowed the financial markets to recover. For information in this regard, please refer to the "Macroeconomic background and market performance" section of this Report.

A disclosure is provided below, also in compliance with the recommendations of Consob laid out in the informational notes no. 6/20 of 9 April 2020, no. 8/20 of 16 July 2020 and no. 1/21 of 16 February 2021, concerning the disclosure required in reference to specific topics and relating to consequences of the COVID-19 pandemic (hereinafter, also the "Consob informational notes"), concerning the effects on operations and the initiatives enacted by the Unipol Group to deal with the emergency.

The spread of the COVID-19 pandemic in Italy from the end of February 2020, and the lockdown period that followed with the aim of combating it, immediately triggered a considerable decline in premiums collected, despite these never having caused particular difficulties in terms of cash flow management, considering the liquidability of our investments and the level of liquidity normally held, for this situation also prudently increased. After the end of the first lockdown there was a rapid recovery in collections, whereas the effects of the second wave, with new selective lockdowns introduced from November 2020 at regional level, less pervasive than the previous lockdown in the spring, did not have significant effects on premiums collected and on the activities of our sales networks. The Group's financial investments were therefore managed normally, obtaining significant gross portfolio profitability of 2.9%. During the year, also as a result of trends recorded on the financial markets in the initial spread of the pandemic and their repercussions on Group solvency levels and with a view to reducing Solvency ratio volatility, the asset allocation was significantly reviewed, decreasing the percentage of Italian government securities held in the portfolio from 50.1% to 42.2% and selling part of the investments subject to equity risk in favour of "core Europe" government securities, high-rating corporate bonds and real assets.

The limited decline recorded in Non-Life premiums of the Group at year end (-3.5%) was therefore mainly linked to the decrease in the average MV TPL premium, due to discounts granted to customers permitted by the lower claims frequency resulting from restrictions on circulation. Life premiums were also down (-26%), though in this segment a decline was expected compared to the previous year, due to commercial decisions as well as the comparison with 2019 in which there was strong growth, also resulting from one-off contracts of significant amounts. Instead, it is important to emphasise the decrease recorded in the surrender rate of our customers, demonstrating the importance and security perceived in investment in life policies.

In a context strongly influenced by the effects of the pandemic, the year-end valuations of technical provisions involved maintaining strong prudential margins as shock absorbers against any future repercussions, not yet known, on the global insurance guarantees provided by the Group. Despite this, in terms of Non-Life technical results, the year closed with a Combined Ratio, net of reinsurance, that had improved by more than 7 points compared to the previous year, due to the limitation of claims, particularly in the MV TPL segment, recorded in the two lockdown periods.

The improvement in the Combined Ratio can also be attributed to the decline in overhead costs, particularly for personnel, due to the trade union agreements which, against reduced company operations, permitted the use of back holidays and recourse to the Inter-Sector Fund. There were also lower costs due to the suspension of overtime, travel and employee training in the classroom. On the other hand, expenses increased (roughly €20m) due to increasingly intensive sanitisation and cleaning of the offices and the costs/investments linked to the IT equipment, allowing access to smart working for all the Group's personnel (remotely or from home).

Against the technical improvements recorded, linked to not using vehicles or using them less during the first lockdown period, UnipolSai decided to give its customers a discount equal to one month (1/12) of the premium paid previously when they renewed their MV TPL policies. The discount can be activated using a voucher that can be downloaded from the UnipolSai app. In this regard, considering that the benefits deriving from the block on the circulation of vehicles during the lockdown were completely exhausted in 2020, the overall cost expected from the initiative was recognised in full at 31 December 2020, also by adding to the provision for unexpired risks. As an incentive to our customers, the initiative was extended in 2021 to customers who, for whatever reason, had not yet used the voucher to renew their MV TPL policy.

Overall, therefore, the performance achieved by the Group in the insurance business is considered rather satisfactory, demonstrating substantial resilience and response capacity to the difficulties of the year just ended.
With reference to other businesses of the Group, the most significant effects were seen for the company Gruppo UNA, active in the hotel sector, on which the COVID-19 pandemic had a very significant impact. Already at the end of February, the company closed the majority of its hotels (27 out of a total of 31) concentrated in major Italian cities and in some tourist areas, and made recourse to the Salary Integrity Fund for all office and hotel employees. Selective re-openings were arranged during the summer, but very quickly - when the second wave arrived - most of the facilities were closed again. The company consequently recorded a 73% drop in turnover and, despite the cost containment action promptly taken, recorded a loss of earnings of around €23m.
The other Group companies, active in other types of businesses and moreover with sizes that are not particularly relevant within the Group, did not record significant impacts in terms of the Income Statement for the period.

In drafting the Consolidated Financial Statements at 31 December 2020, appropriate analyses were conducted to carefully consider what is laid out in the Consob informational notes, particularly with regard to the measurement of assets pursuant to IAS 36 and the identification of any impacts, due to risks and uncertainties linked to COVID-19, on the going concern assumption, strategic planning and plan targets.
In particular, the financial statement measurements to determine the recoverable value of goodwill as part of the impairment testing procedure are based on long-term economic and financial projections developed to take into account the Budget approved by the Board of Directors for 2021, strategic actions defined also for subsequent years and the related market scenario impacted by the COVID-19 pandemic.

On the basis of the long-term economic and financial projections prepared on information currently available, taking into account the nature and characteristics of the Group's businesses, it is not considered that the effects of COVID-19 can significantly jeopardise the achievement of strategic objectives disclosed to the market and/or compromise going concern. The Group continues its careful and constant monitoring of the liquidity and solvency positions, made even more stringent from March 2020 given the strong volatility and uncertainty as the pandemic spread, also further to specific requests from the Supervisory Authority, to make it possible to promptly take any required risk profile optimisation measures.
Please refer to paragraph 5.13 "Criteria to determine the value of goodwill with an indefinite useful life (impairment test)" in the notes to the financial statements regarding the calculation method used, the economic and financial assumptions and the sensitivity analysis.

Main initiatives of the Group in response to the health emergency in 2020

At operating level, actions and initiatives were implemented, adapting them over time as the health emergency and related regulatory measures developed.
At the end of February 2020, an internal task force was formed, dedicated to managing the emergency through:

- initiatives for employees, subject to disclosure and dialogue with the company's insurance sector trade union representatives;
- initiatives for agents, with the creation of a permanent roundtable with the representation of agents, intended to provide support to their liquidity situation (e.g., early payment of contributions and fees, deferment of payment plans due from agents) and safety (e.g., provision of masks and sanitising gel).

As far as employees are concerned, a series of initiatives were promptly activated to limit the risks of contagion, including: suspension of travel and limitation of all forms of assembly; intensification of office disinfection activities, expansion of flexibility in entry and exit times, parental leave, as well as daily monitoring of the situation by the task force.
As the health emergency worsened, in March 2020 all offices throughout the country were gradually closed. At the same time, activities were launched to progressively enable smart working by employees, until reaching 6,800 UnipolSai employees (roughly 97%) and 9,300 employees of the Group (roughly 90%).
Furthermore, resources and structures for which presence at the office was required to ensure business continuity were identified, and dedicated authorisations, managed by the task force, were issued for them to guarantee the minimisation of people present at the office and respect for safety protocols.
In relation to the temporary decrease in business volumes at the beginning of the emergency period, also in order to facilitate the contractual management of employment relationships pending the large-scale implementation of smart working for employees, leave paid by the company was first recognised along with the use of holidays, and minimum sizing possibilities were then formulated to guarantee the functioning of the operating mechanism, resulting in a reduction in working days through the use by workers of holidays and the paid contractual options available, or unpaid leave jointly with leave paid by the company.
Taking into account the continuing decline in business, following the signing of dedicated trade union agreements, in the main companies applying the national insurance agreement, from 4 May to 9 August 2020 18 days of suspension from work activities were provided for,

first through the use of holidays accrued and unused at 31 March 2020 and subsequently recourse to the ordinary Inter-Sector Solidarity Fund, guaranteeing full protection for wages and the correlated contributions by supplementing the allowance disbursed by the Fund.
In some of the diversified companies, like Gruppo UNA, Midi and Tenute del Cerro, based on specific trade union agreements, recourse was made to the social safety nets established for the respective sectors (FIS and CISOA, respectively), due to the temporary interruption in production activities.
Also in light of the national launch in May of "Phase 2", all analyses were performed in preparation for the safe reopening of the offices. To this end, a specific technical panel was set up within the task force and a detailed analysis was conducted on the logistics and capacity of all the Group offices and necessary action taken to make them safe (e.g., adoption of thermoscanners, purchase of personal protection equipment and sanitiser gel dispensers, definition of specific procedures and rules of conduct). In addition, the actual effectiveness of smart working was verified, therefore allowing the start-up in July of a pilot return project, with alternating presence in the management offices and a limited number of local offices, involving roughly 1,500 workers. At the same time, the option was given under controlled circumstances for sales and technical personnel to travel in order to guarantee the necessary support to the Agencies.
Following the success of the pilot project, the gradual return to the office of all Group employees began from the end of September, with a system of office attendance for 2 days out of 5 and continuing to facilitate smart working in line with the national context.
From the end of October, however, as the national pandemic figures began to rise once more, the Group again decided to limit access to the workplace and enable smart working for the entire week.

Initiatives to support the agency network acted on two fronts, with the goal of ensuring adequate liquidity to the agencies while also providing support so they could continue to operate safely.
The liquidity support actions included:

- early payment of commission incentives and contributions for the year 2019;
- suspension until the end of the year of the reimbursement repayment plans, with the possibility to defer the entire plan with no additional costs for agents;
- extraordinary support to agencies with liquidity issues by paying fees early commensurate with the estimated reduction in collections in the March-June 2020 period compared to the same period of the previous year.

The actions to support operations included:

- enabling all Agencies to make mobile remote sales by strengthening multichannelling functions;
- activation of the dedicated UniSalute Medical Centre service for all agents, sub-agents, producers and employees of the agency networks;
- establishment within the Sales Department of dedicated crisis units to handle any closures of agencies or points of sale on the basis of measures of the Health Authorities;
- support with the provision of health materials and personal protection equipment for the Agencies.

Aside from the initiatives in favour of employees and agents, the Group also enacted a series of **interventions to support customers and communities**, summarised below.

<u>Initiatives in support of customers</u>

- **Un Mese Per Te [One Month for You]**: as mentioned previously, considering the improved incidence of claims due to the first lockdown, UnipolSai provided its customers with a voucher worth 1/12 of the MV TPL premium paid on policies effective when the initiative was launched, which can be used when the policy is renewed, originally valid until 31 May 2021, and later extended to 31 December 2021;
- **Extension of the expiration of terms for the payment of premiums from 15 to 30 days** from the date of expiry for all Non-Life policies (MV and Non-MV). Extension to 90 days for the payment of premiums on Life policies falling due during the lockdown period;
- **Free extension to cover customers** insured with health policies with daily indemnities also following at-home quarantines after testing positive for COVID-19;
- **Medical consulting on COVID-19 24/7** through the UniSalute medical operation centre for policyholders with a health policy;
- **#UniSalutePerTe**: UnipolSai decided to give its 10 million customers, even if holders of just one Home or Life policy, a UniSalute healthcare policy to cover the potential consequences of COVID-19. The initiative can be enabled via the UnipolSai app by 31 March 2021 and offers specific free healthcare coverage.

<u>New products to protect customers</u>

- #Andràtuttobene: #Andràtuttobene (Businesses) and #Andràtuttobene Premium (Retail), which include both specific coverage (e.g., daily benefits for hospitalisation, indemnity for intensive care hospitalisation) and dedicated services (including telephone assistance, video consultations and psychological support);
- #Andràtuttobenefree: free UnipolSai policy for customers dealing with hospitalisation caused by COVID-19. Free for customers who renew a Non-Life (MV or Non-MV) policy expiring in March, April or May 2020 and register or access the Private Area;
- #Sicuriripartiamo CARD: the new card designed for the world of work, which offers businesses a package of useful services to be shared safely and to guarantee the protection and safeguarding of the health of all workers. The card provides many benefits, including access to health services at special rates, and is dedicated to all types of businesses: from large enterprises, to small companies, to retail establishments with a VAT number;
- UnipolSai Salute&Prevenzione: a product that increases the healthcare range with coverage focusing on preventive care and on illness or accident diagnostics.

<u>Initiatives in support of the community</u>

In March 2020, UnipolSai, set aside €20m to deal with the coronavirus emergency in the most impacted areas of Italy.
In close agreement with the Regional Authorities, Civil Protection and all institutional stakeholders involved in managing the emergency, Unipol allocated those resources to increase the availability of beds in hospitals, particularly those in intensive and sub-intensive care, and for the acquisition of the health equipment required to deal with the spread of the pandemic. In agreement with the Lombardy Region, €6m was disbursed for:

- the extraordinary purchase of pulmonary ventilators and consumables such as masks, protective suits, disinfectants and the instruments needed by healthcare facilities to limit the opportunities for contagion;
- the creation of a new emergency medical facility in the Fiera Milano City pavilions.

At the same time, the Group offered its support to the community of Bergamo, one of those most impacted by the COVID-19 emergency, by supporting the activities of the humanitarian organisation Cesvi. The Company donated €1m to purchase a mobile CT scanner, a machine that was fundamental during the emergency phase, for the field hospital set up by the Italian Alpine soldiers in Bergamo. This new CT scanner will also allow patient monitoring and enhanced diagnosis of COVID-19 infection.
Furthermore, in agreement with the Emilia-Romagna region, €5.5m was donated for:

- the construction of a new pavilion at Sant'Orsola Hospital in Bologna, dedicated to treating patients suffering from coronavirus, with 90 beds of which 44 for intensive and sub-intensive care;
- the creation of new recovery areas at Bellaria Hospital in Bologna with 88 beds, of which 73 for intensive and sub-intensive care and the strengthening of the emergency medicine area.

Support was also provided to the law enforcement authorities for the efforts made to deal with the emergency, with €1m distributed equally between the Carabinieri, the State Police, the Italian Tax Police and the Fire Brigades, and €1m to Civil Protection to acquire protection equipment.
Another €1m was donated to Civil Protection for a specific initiative to support the families of doctors and healthcare workers who died as a result of the COVID-19 pandemic.
A €1m contribution was made to support initiatives to handle the emergency in the Marche Region, €0.2m was provided to the City of Turin local health authority for the acquisition of protection equipment and materials for the Intensive Care Unit at Martini Hospital and €0.3m was donated for the purchase of 15 pulmonary ventilators for hospitals located in Lombardy and Emilia-Romagna.

Thanks to the donations made by Group employees, agents and their associates, it was also possible to donate two million meals that were distributed, in the form of groceries, by the Food Bank through 7,500 associations and charitable groups that offer aid to people in need throughout Italy.

Other significant events

JAN

On 27 January 2020, UnipolSai confirmed its partnership that once again saw the company as the official sponsor of Ducati Corse in the MotoGP 2020 World Championship. The partnership with the Ducati Team entailed the UnipolSai brand appearing on the tail of the two red sport bikes of Borgo Panigale and on the team uniforms.

MAY

On 7 May 2020, the rating agency **Fitch Ratings** automatically revised the Insurer Financial Strength Rating (IFSR) of UnipolSai Assicurazioni SpA to "BBB" from "BBB+" after Italy's sovereign rating was downgraded. As a result, the Long-Term Issuer Default Rating (IDR) assigned to Unipol Gruppo SpA also fell from "BBB" to "BBB-", along with the ratings of the Unipol Group's debt issues, all updated by 1 notch:

· the senior bonds of Unipol Gruppo SpA are now "BB+";
· the subordinated bonds maturing in 2021 and 2023 of UnipolSai Assicurazioni SpA are now "BB+";
· the subordinated bond maturing in 2028 of UnipolSai Assicurazioni SpA is now "BB";
· the perpetual subordinated bond of UnipolSai Assicurazioni SpA is now "BB".

At the same time, the rating agency improved the outlook of the above-mentioned ratings, transitioning them from "negative" to "stable".

JUN

In **June 2020**, for the fourth consecutive year the Unipol Group was confirmed as no. 1 in terms of reputation in the insurance and banking sectors, based on the 2020 Italy RepTrak® rankings designed by The RepTrak Company, which takes into consideration around 400 companies operating in Italy in measuring their reputation level. The Unipol Group has consolidated its leadership and entered the "strong" reputational bracket (which includes companies with a score above 70 points) thanks to a score of 73.0 (it was 67.6 in 2019), increasing the gap compared to the average of insurance sector companies in Italy and compared to the average of financial sector companies.

In June 2020, UnipolSai returned to the TV screens with its advertising campaign "Sempre un passo avanti (Always One Step Ahead)", which will also continue in 2021.

JUL

On **30 July 2020**, the **Public Purchase and Exchange Offer promoted by Intesa Sanpaolo on UBI Banca shares** was successfully concluded. The finalisation of this transaction was one of the conditions of the agreement, signed by Unipol and UnipolSai with Intesa Sanpaolo and BPER Banca on 17 February 2020, referring among other things to the subsequent acquisition by UnipolSai, directly or through a subsidiary, of the business units relating to one or more insurance companies that are currently investees of UBI Banca. For further information in this respect, please refer to the paragraph "Unipol Group Performance".

In July 2020, UnipolSai Assicurazioni **repaid** the second tranche of the **Mediobanca Tier 1 subordinated loan**. For further information in this respect, please refer to the paragraph "Unipol Group Performance".

Also in July 2020, through sponsorship by UnipolSai, the issue of a **CAT-Bond** was finalised for a nominal €100m by Azzurro Re II DAC, a multi-arrangement Irish special purpose reinsurance vehicle. The issue will provide UnipolSai with €100m in collateralised protection against earthquakes in Italy and neighbouring countries for a period of 3.5 years. Azzurro Re II is the first multi-arrangement vehicle authorised by the Central Bank of Ireland for CAT-Bond transactions, and will allow UnipolSai to sponsor future CAT-Bond transactions more quickly and affordably.

Lastly, again in July 2020 and just a few months after its establishment, Unica Lab, the new UnipolSai training company, obtained ISO 9001:2015 Quality Certification and Unica is assured of the certification's renewal, already obtained for the first time in 2019.

SEP

In September 2020, the **Gruppo UNA** won the "Hotel Chain of the Year" award at the Italian Mission Awards, an event dedicated to the major operators in the Business Travel industry at national and international level.

Also in September 2020, UnipolSai applied to purchase the **tax credit** envisaged in the "Relaunch Decree", offering 102% of tax expense recognised to the owners of property or businesses involved in anti-seismic and/or energy development works that take over ownership of the credit.

On 23 September 2020, as part of its EMTN programme (Euro Medium Term Note Programme) renewed by the Unipol Board of Directors by resolution of 6 August 2020, Unipol Gruppo issued the first tranche with qualified foreign and Italian investors for €750m of a bond loan (senior, unsecured, unsubordinated and non-convertible) in "green" format in compliance with the "Green Bond Framework" defined by the Group. The second tranche for €250m was issued on 26 November 2020, reaching a total nominal value of €1bn.
In September 2020, Unipol Gruppo also promoted a voluntary offer to repurchase the senior bond, which had an original nominal value of €500m, rate of 4.375%, maturing on 5 March 2021, which subscribers accepted for a nominal value of €86m, equal to roughly 27.25% of the total nominal amount of the bond outstanding at the date on which the offer was initiated, equal to €317m.

Lastly, in September the Serie A Basketball League and UnipolSai signed a major sponsorship agreement, based on which the Serie A basketball championship will have UnipolSai as its Title Sponsor for three consecutive seasons from 2020/21. UnipolSai was also awarded the Presenting Sponsorship for the Final Eight of the Italian Cup and the Supercup.

OCT

On 8 October 2020, the rating agency DBRS Morningstar (DBRS) awarded ratings for the first time, at the request of the interested parties, to UnipolSai Assicurazioni SpA and Unipol Gruppo SpA. For UnipolSai Assicurazioni SpA, DBRS awarded a Financial Strength Rating of "A (high)" and an Issuer Rating of "A (high)". For Unipol Gruppo SpA, DBRS awarded an Issuer Rating of "BBB". The trend for the credit ratings given to both these companies was "Negative", reflecting the current Negative trend allocated to the Republic of Italy.

On 19 October 2020, UnipolSai issued a regulatory capital instrument qualifying as "Restricted Tier 1" (perpetual, non-convertible and fixed rate) for a nominal €500m. For further information in this respect, please refer to the paragraph "Unipol Group Performance".

In October, Tenute del Cerro celebrated its new 2017 Nobile di Montepulciano DOCG wine, again winning the highest of all awards: Gambero Rosso 3 glasses.

The 3-day non-stop Festival dello Sport (Sport Festival), held in DIGILIVE format from 9 to 11 October 2020 and with more than 60 events and over 100 sports guests, consolidated its partnership - now in its third year - with UnipolSai.

NOV

In early November, as part of the Health & Medmal Insurance Awards 2020, the event that rewards supplementary healthcare operator excellence, Incontra Assicurazioni won the "Extent of Coverage Award". UniSalute was also rewarded, taking the prize for "Best COVID-19 Insurance Programme" and was named best insurance company for implementing an insurance products and services programme created ad hoc for the healthcare emergency.

On 19 November, at the MF Innovazione Awards during the final evening of the 2020 Milan Insurance Festival, our Group won the "Motor vehicles and Mobility Protection" category with the product SuperEasy 2Ruote.

At the Future Bancassurance Forum 2020, organised by EMF at the end of November 2020, Incontra Assicurazioni won the award for the value of videoconsulting activities dedicated to UniCredit customers and all their family members, through which they could access the Specialist Videoconsulting platform made available by Incontra Assicurazioni through SiSalute.

DEC

On 18 December 2020, UnipolSai entered into a Patent Box agreement with the Central Directorate of the Tax Authorities for the determination of subsidisable income, limited to the years from 2015 to 2019, for the UnipolSai trademark and certain software subject to the request. On the same date, a similar agreement concerning the subsidiary Arca Vita was also signed, with reference only to the Arca Vita trademark.

On 22 December 2020, with the authorisation of IVASS for the acquisition of control, the proposed acquisition of 100% of the company Cambiomarcia Srl was carried out. For further information in this respect, please refer to the paragraph "Changes in the scope of consolidation" in the notes to the financial statements.

2021

On **20 January 2021** the **MF Insurance Awards** were streamed. Arca Vita won the Lombard Superindex award, the superindex that measures an insurance company's efficiency and solidity by weighting various financial ratios. In the MF Insurance Atlas rankings, Incontra Assicurazioni and Siat took the lead places, confirming their respective positionings in the "Growth and Creation of Value" and "Best Insurance Company in the aircraft, rail and marine vessels class" categories.

On **21 January 2021** the inaugural webinar of the **European Extreme Events Climate Index** (E3CI) was held, a brand new tool to support insurance companies in objectively assessing the dangers associated with tipping environmental balance. The Index was created from the close partnership between the Euro-Mediterranean Center on Climate Change (CMCC), global scientific point of reference, and Leithà, the factory that develops agile data intensive solutions, applications and components with the aim of protecting, enhancing and expanding the Group's information assets. The index satisfies the need for a versatile tool to monitor climate trends and extreme events, for use in different contexts, including financial and insurance.

In **February 2021**, the sale of the piazza Velasca property in Milan (Torre Velasca) was finalised due to the Public Administration's failure to exercise the pre-emption right.
The sale price was €160m, resulting in a capital gain of roughly €70m.

The **Financial Innovation - Italian Awards 2021**, an observatory and annual recognition on Financial Innovation in Italy, were held on **25 February 2021**. **Incontra Assicurazioni** was recognised for two of its insurance solutions: first and second prize in the Insurance category, for the comprehensiveness of its offer and proximity to its customers, even within an exceptional situation like the current health emergency (thanks to the two initiatives carried out in the second half of 2020 in partnership with UniSalute, Videoconsulting service and a new version of the UniCredit My Care Salute policy) and for the Tutela Sisma policy.

In **March 2021**, with reference to the corporate liability action against several former directors and statutory auditors, approved by the Shareholders' Meetings of Fondiaria-SAI and Milano Assicurazioni in the year 2013 and the relative pending legal cases, the subsidiary UnipolSai signed a settlement agreement with all defendants which fully defines the two liability actions and which will be subject to the approval of the Shareholders' Meeting of UnipolSai and the other plaintiff companies of the Unipol Group. The terms and conditions of the above-mentioned agreement are summarised in the Directors' Report and in the Information Document drafted pursuant to Art. 5 of the Related Party Transactions Regulation adopted by Consob with Resolution No. 17721 of 12 March 2010 as amended, published with the timing and methods set forth by law and provided on the Company's institutional website.

On **15 March 2021**, after obtaining the authorisation of the Supervisory Authority to exercise the right to early repayment on the part of the issuer, the subordinated loan (ISIN XS0130717134) issued by the subsidiary UnipolSai Assicurazioni was extinguished, for a nominal value of €300m, the contractual maturity of which had been scheduled for June 2021. The repayment of that loan is in line with proactive debt management and the limitation of the company's financial leverage as a result of the issue of the RT1 instrument for a nominal value of €500m, finalised in the final quarter of 2020.

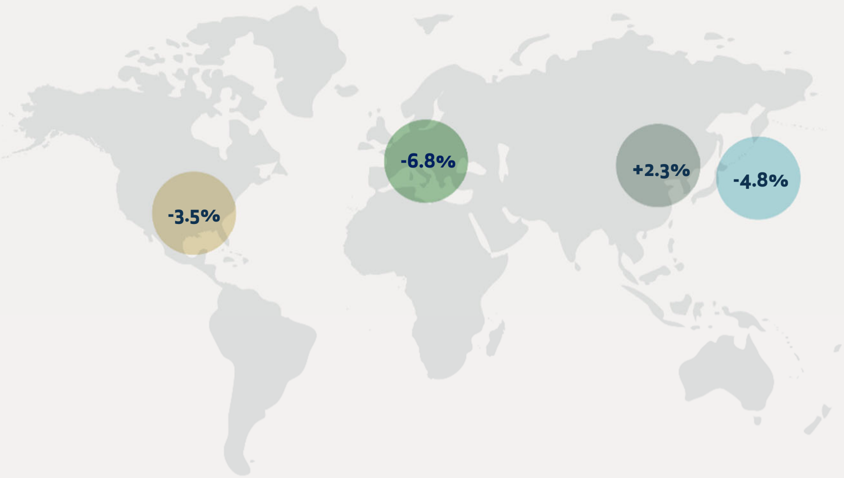
RISKS, OPPORTUNITIES AND STRATEGY

Macroeconomic background and market performance

Macroeconomic background

The COVID-19 pandemic brought about a **decline** of **3.7%** in **global GDP** in 2020 (+2.5% in 2019). After GDP bounced back in the third quarter (+7.3% compared to the previous quarter), in the fourth quarter of 2020 the pandemic scenario worsened once again and the uncertainty as to how the pandemic would evolve helped keep the global GDP at the end of 2020 lower than that of 2019.

Global economic growth
-3.7%



- In the **Euro Area**, GDP **fell** by **6.8%** in 2020 (after a 1.3% growth in 2019). The recession was stronger in the first part of the year, when the region was hit by the epidemic.

  After rising in the third quarter, new closures in the fourth quarter (to combat the new waves of the pandemic) slowed the economy even further. In this phase, Euro Area countries introduced unprecedented **expansionary fiscal measures**, both at national and EU level, with the aim of keeping value chains and the demand for goods intact.

  These measures blocked an increase in the **unemployment rate**, which in 2020 was **8.0%** on average (7.6% in 2019). In the context illustrated, the ECB strengthened the expansionary tone of its monetary policy, in particular enhancing the monetary easing.

- In the **United States**, GDP **decreased** by **3.5%** in 2020 (+2.2% in 2019), due to the collapse of private consumption, whilst the economy was upheld primarily by public spending. Against slowing economic activity, there was a strong increase in unemployment (from 3.7% in 2019 to 8.1% in 2020). The economic policy authorities implemented fiscal stimuli (particularly to households) and monetary stimuli (the Fed cut the rate on Fed Funds to 0.0%-0.125% and launched a new bond purchase programme), stopping **inflation** from falling below **1.3%** (from 1.8% in 2019).
- **Italian GDP fell** by **8.9%** in 2020 (after the moderate growth of 0.3% in 2019). The recession was more intense in the first part of the year, with second-quarter GDP declining by 13.0% on the first quarter. The closures especially affected private consumption, as well as making the already weak investments scenario deteriorate further. The block on dismissals and loans to the Wages Guarantee Fund, however, helped to keep the unemployment rate steady, standing at 9.2% at the end of 2020. In this context, the **inflation** rate was negative in 2020, at **-0.1%** on average.
- **China** closed 2020 with GDP **growth** of **2.3%** (6.0% in 2019). The highly restrictive health measures allowed this country, the first affected by the spread of COVID-19, to rapidly overcome the acute phase of the epidemic. This allowed a fast recovery of the previous year's production levels already from the second quarter of 2020, thanks to investments and exports. The average **inflation** rate in 2020 was **2.5%**.
- Aided by China's contribution, the GDP in the **emerging countries** bloc was able to limit the loss to **-1.7%** (after the 3.9% growth of 2019).
- **Japan** closed 2020 with a **4.8% decline** in GDP (+0.3% in 2019). Despite the ultra-accomodative monetary policy of recent decades and the further decrease in the policy rate implemented by the Bank of Japan (-0.03% at the end of 2020), a **deflation** of consumer prices was recorded in 2020 (**-0.02%**). In this context, unemployment remained very low in 2020 (2.8%), only marginally increasing from 2019 (2.4%).

Financial markets

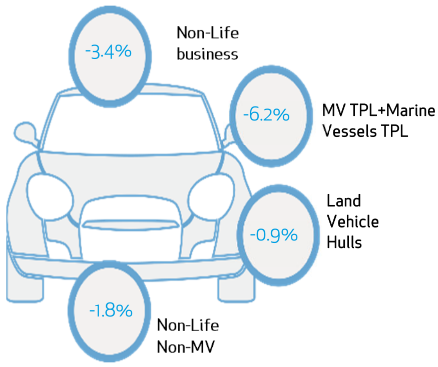
The new expansionary measures announced by the **ECB** in 2020 to overcome the COVID-19 pandemic again drove all European interest rate curves downwards. The **3-month Euribor** rate closed 2020 at **-0.54%**, down by 16 basis points compared to the figures at the end of 2019, while the **10-year Swap** rate declined in the same period by 48 basis points, closing 2020 at **-0.26%**.
The expansionary monetary policies also brought down government interest rates in the main Euro Area countries. In Germany, the **10-year Bund** closed 2020 at **-0.55%**, down 39 basis points on the values at the end of 2019, whilst in Italy the **10-year BTP** closed 2020 at **0.54%**, down 87 basis points. The 10-year spread between Italian and German rates was 109 basis points at the end of 2020, down by 48 basis points compared to the end of 2019.

The **euro/dollar exchange rate** reached **1.23** at 31 December 2020.

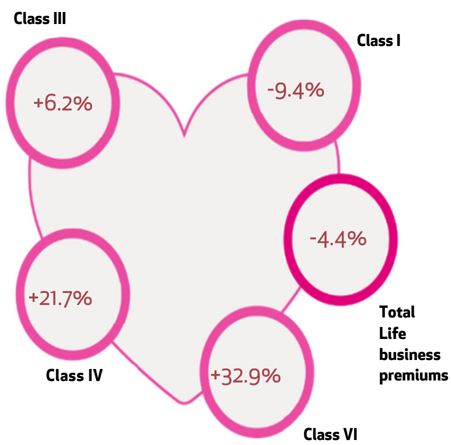
Eurostoxx 50: **-5.6%**	s&P 500: **+16.6%**
Ftse Mib: **-5.98%**	Nikkei: **+16.0%**
DAX **3.55%**	MSCI EM **+15.0%**

Insurance Sector

In **2020**, premiums for the Italian insurance market should reach **€134.5bn**, **down** by **4.1%** compared to 2019. Total premiums of the Italian direct portfolio in the **Non-Life** business (only direct business) are expected to **decline** by **3.4%** compared to 2019. In the **MV** sector, consisting of **MV TPL, Marine Vessels TPL and Land Vehicle Hulls**, premiums should be down compared to 2019 (**-5.2%**). According to ANIA data, in 2020 the **average premium** in the **MV TPL** business saw a **decrease** of **3.8%** compared to 2019, to €335. The **ISTAT index** for **MV TPL** prices, the value of which reflects the price lists and not those actually applied by companies, recorded a **0.8% decline** in 2020. **Non-MV Non-Life** premiums should **decline** by **1.8%** in 2020 compared to 2019. The **Healthcare** segment should record a **decline** of **4.1%** (**-4.9%** Health, **-3.3%** Accident).
In the **MV sector**, the negative trend for the **agency channel** should continue in 2020, with premiums **down** by **5.0%** compared to 2019 and an **overall weight** of **82.7%** on total premiums, against a decrease in premiums in the **Direct channel** (**-4.5%**), the **Brokers** channel (**-6.5%**) and the **banking channel** (**-8.4%**).
For the **Non-MV** classes, premiums for the **agency channel** are expected to **decline** by **1.9%**, whilst those from **direct sales** should **increase** (**+4.9%**) against a **decline** in premiums for the **banking channel** (**-6.8%**) and the **Brokers channel** (**-1.1%**).



Life segment premiums (only direct business) **decreased in 2020** by **4.4%** compared to 2019, due especially to the decline in **Class I** premiums (**-9.4%**) and **Class V** premiums (**-24.1%**). Growth continued, however, for **Class III** (**+6.2%**), **Class IV** (**+21.7%**) and **Class VI** (**+32.9%**). In 2020, the **agency channel** in the Life segment was **down** by 3.2%, with an **overall weight** of **14.6%** on total premiums. The **Consultants and Banks** channels were also **down**, by **4.7%** and **6.6%**, respectively, compared to 2019, accounting for **72.8%** of **total** premiums, whilst the **Direct and Brokers** channels **rose** by **6.5%**.



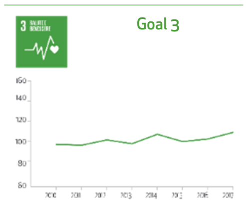
Real Estate market

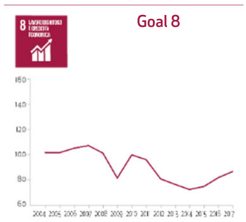
According to the Real Estate Market Observatory of the Tax Authorities, in 2020 **sales in the residential sector dropped** by **14.5%** due to the block on real estate activities in April and May and the decline in demand for housing linked to the economic crisis. **Milan** is the market that saw the strongest loss in 2020 (**-19.0%**) among the major cities. Residential rents were also down compared to 2019 (-0.9%), but less than the decline in housing prices (-1.5%) and with an increasing cap rate (from 5.22% in 2019 to 5.25% in 2020). In 2020, **sales in the non-residential sector** were **down** by **27.3%** on 2019, with the loss spread among the various segments: manufacturing (-29.5%), stores (-26.8%) and offices (-26.5%). The worst performance, however, was seen in the hotels segment (-39.3%) which was heavily affected by the restrictions imposed to contain the pandemic. The **declining prices for stores and offices**, which has now persisted over 26 half-years, continued again in 2020 and, due to the economic crisis, was greater than that recorded in 2019. Prices of **offices declined** by **2.3%**, while those of **stores** were **down** by **2.4%**. **Rents** also **decreased**, but at a slower pace than the sale prices (-1.8% for offices and for stores) with cap rates up both for stores (from 7.34% in 2019 to 7.38% in 2020) and for offices (from 5.12% in 2019 to 5.15% in 2020).

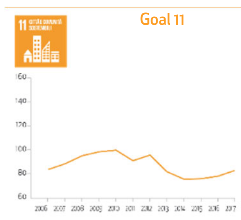
Residential Segment Transactions

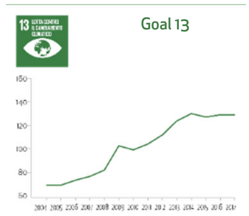
Social and environmental scenario[4]

Five years on from adoption of the 2030 Agenda, the provisional figures available for 2020 show that Italy had receded in nine Goals (1, 2, 3, 4, 5, 8, 9, 10, 17), improved in three (12, 13, 16) and the remaining five could not be assessed due to the effect of the crisis. The pandemic is forcing backward steps on the path to implementing the 2030 Agenda and, at the same time, an acceleration in the change in paradigm that the 2030 Agenda proposes in financial terms for the most dynamic segments of the economy, politics and civil society, heightening the need for Europe to guide the dual green-digital transition and make the two societies and economies more resilient.
As regards the three goals in which the Unipol Group has greater competitive potential in the country (see the paragraph dedicated to 2019-2021 strategies), note the overall trend of improvement in **Goal 3 (Ensure healthy lives and promote well-being for all at all ages)**, on which health will have a very heavy impact however in 2020**. Goal 8 (Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all)**, on its slow recovery compared to the first years of the last decade, will also suffer the highly negative effects of the health crisis that has resulted in a dramatic drop in GDP, disposable income, hours worked (-20%) and employment compared to 2019. In the case of **Goal 11 (Make cities and human settlements inclusive, safe, resilient and sustainable),** judging the direction it will take in 2020 is complex due to the impact of two conflicting phenomena: improved air quality in the cities on the one hand, and the decline in use of public transport on the other, as a result of travel restrictions and social distancing.
The trend for **Goal 13 (Take urgent action to combat climate change and its impacts)**, which is affected in general by numerous activities carried out in support of other SDGs mentioned, shows accumulation of a major delay for Italy in the fight against the climate crisis. 2020 is seeing a strong decrease in CO2 emissions (-7.5% according to ISPRA forecasts), which should lead to improvement in the average index for the year.









[4] Source: 2020 ASviS Report (Italian Alliance for Sustainable Development), "Italy and the Sustainable Development Goals"

Main regulatory developments

In 2020, the reference regulatory framework for the sectors in which the Group carries on business saw numerous changes.

Relevant regulations for the insurance sector

As regards prudential insurance regulations, the **Solvency II** Directive was amended by Directive (EU) 2019/2177 of 18 December 2019 (transposed in Italy by **Decree Law no. 18 of 17 March 2020**), which introduces corrections to the function of the national component of the **Volatility Adjustment**. Specifically, the limit for triggering the national components of the volatility adjustment was lowered from 100 to 85 basis points. As a result of this calibration, the Volatility Adjustment should trigger more frequently, allowing stronger stabilisation of insurance companies' own funds when faced with market turbulence.
On the same issue, the **EIOPA Opinion on the Solvency II review** was published on 17 December 2020, in response to the request for advice issued by the European Commission. The main amendments suggested by EIOPA refer to: (i) a review of the long-term guarantees and changes to the Volatility Adjustment, both in terms of currency and national components, with effects on the discount rates for insurance liabilities; (ii) removal of the zero lower bound from the interest rate risk module, which would call for calculation of the impact on solvency of scenarios affected by strongly negative interest rates; (iii) introduction of a macro-prudential framework with the aim of requiring additional capital buffers for the insurance sector in order to overcome systemic shocks and the introduction of crisis management tools, such as resolution mechanisms or insurance guarantee schemes.

On **30 March 2020**, IVASS issued a notification to Italian insurance companies and groups requesting that they adopt extreme prudence in the **distribution of dividends** and other equity instruments **as well as in the payment of the variable remuneration component to corporate officers**, taking into account the COVID-19 epidemiological emergency and in line with the analogous recommendations issued at European level. This recommendation was also reiterated towards the end of 2020 by IVASS which requested by means of a press release dated **29 December 2020**, in line with the renewed recommendations from the ESRB and EIOPA, that companies not belonging to groups and ultimate Italian parent companies of insurance groups carefully and responsibly evaluate the impacts of the actions mentioned above that they intend to undertake, with reference to the year 2019 as well as 2020, and first contact IVASS itself to verify their compatibility.

On the domestic front, IVASS and CONSOB adopted **measures transposing Directive (EU) 2016/97 on insurance distribution** (the Insurance Distribution Directive – IDD), expected to enter into force on 31 March 2021. Specifically, IVASS issued **Regulation no. 45 of 4 August 2020** containing provisions on governance and control requirements for insurance products, governing the insurance product approval process by the manufacturer and the mechanisms for distribution and information to customers. At the same time, **IVASS Measure no. 97 of 4 August 2020** applied an overall review of IVASS Regulation no. 40/2018 on insurance distribution by introducing, among other things, new conduct and transparency obligations for the distribution of insurance-based investment products (IBIPs) In addition, that Measure amended the previous IVASS Regulations on disclosure, advertising and manufacture of insurance products (no. 41/2018); transparency of MV and boat TPL premiums (no. 23/2008); complaints management (no. 24/2008) and corporate governance (no. 38/2018). Lastly, **CONSOB Resolution no. 21466 of 29 July 2020** amended the Intermediaries' Regulation as regards, among other things, the rules of conduct and reporting obligations with which intermediaries entered in section D of the Single Intermediaries' Register (including banks and financial intermediaries) and their partners must comply in the distribution of insurance investment products.

Tax regulations

Numerous urgent legislative measures were issued in 2020, introducing provisions for safeguarding businesses against the effects of measures to contain the COVID-19 pandemic emergency. The regulations mainly aimed to limit the liquidity crisis generated in particular economic sectors, introduce subsidies for supporting and relaunching the economy and protecting jobs, and order the extension and suspension of procedural deadlines and audit and collection activities by the Tax Authorities, together with the deferral of payments and other tax obligations.
These refer in particular to the following Decrees, later converted to law:
- Decree Law no. 18 of 17 March 2020 ("*Cure Italy Decree*");
- Decree Law no. 23 of 8 April 2020 ("*Liquidity Decree*");
- Decree Law no. 34 of 19 May 2020 ("*Relaunch Decree*");
- Decree Law no. 104 of 14 August 2020 ("*August Decree*");

- Decree Law no. 137 of 28 October 2020 ("*Relief Decree*"), Decree Law no. 149 of 9 November 2020 ("*Relief Decree 2*"), Decree Law no. 154 of 23 November 2020 ("*Relief Decree 3*") and Decree Law no. 157 of 30 November 2020 ("Relief Decree 4"), the last three formally repealed by Law no. 176/2020 converting the Relief Decree which in any event reiterated the contents and retained the medium-term effects produced;
- Decree Law no. 172 of 18 December 2020 ("*Christmas Decree*").

The provisions of interest to the Group include:

- the Relaunch Decree, which introduced the "110% Superbonus" subsidy designed to stimulate energy and anti-seismic improvements to buildings by increasing the deductions on certain works to 110%, with the option of transforming the tax deductions into a discount on the price and/or tax credit transferable to other parties, including banks, insurance companies and other financial intermediaries. It is envisaged only for incentivised anti-seismic improvement works where the credit is transferred to an insurance company and a policy is simultaneously taken out to cover the risk of catastrophic events and the premium paid is 90% deductible;
- the August Decree, which introduced the option of realigning, by paying a 3% substitute tax, the value differences existing where carrying amounts are higher than the tax values on "revaluable" assets. These are mainly misalignments referring to extraordinary transactions.

Law no. 178 of 30 December 2020 (the "2021 Budget Law") contains the following provisions of interest to the Group:

- extension until 30 June 2022 (in some cases up to 31 December 2022) of the "110% Superbonus" introduced by the Relaunch Decree, extending the subsidised works, beneficiaries and provisions allowing credit transfer and a discount in the invoice;
- extension of the tax relief on energy renovation works, recovery of building assets and those relating to the "facades bonus" also for 2021;
- expansion of the revaluation and realignment introduced by the Relaunch Decree, extending the option to align lower tax values of goodwill and other intangible assets by payment of a 3% substitute tax;
- introduction of a tax credit for losses deriving from specific long-term savings plans (PIR PMI) established from 1 January 2021 and usable by subscribers in 10 equal amounts per year.

Other regulations

In relation to **sustainable finance**, note the issue of **Regulation (EU) no. 2020/852 of 22 June 2020** (the "Taxonomy Regulation") which establishes an EU-level classification system (the first in the world) to provide the public with a common taxonomy of economic activities considered eco-sustainable. The regulatory framework is based on six precisely identified environmental goals and allows an economic activity to be classified as sustainable from an environmental point of view if it contributes to at least one of these goals, satisfies the technical criteria defined by the European Commission and does not significantly harm the others. The Taxonomy Regulation entered into force on 12 July 2020, whilst the Delegated Acts relating to the technical criteria for the climate change mitigation and adaptation goals (the first two of the 6 environmental goals) will apply from 1 January 2022. The Delegated Acts relating to the technical criteria for the remaining 4 goals should be adopted by 31 December 2021 and will apply from 1 January 2023.
Lastly, on 10 March 2021 **Regulation (EU) no. 2019/2088 of 27 November 2019 (the Disclosure Regulation**) will enter into force, imposing transparency obligations on financial market operators in relation to the methods for integrating ESG factors into investment activities and internal processes. For the insurance sector, the integration of pre-contractual and periodic disclosures of IBIPs is envisaged in order to ensure transparency of the potential impact of environmental or social changes on product yields and of the sectors in which income relating to individual products sold is invested (*separating* products investing in green sectors from national products). In addition, financial market operators are required to publish on their websites the effects of decisions to make corporate investments in environmental or social matters, as well as the remuneration policies of the business in relation to the integration of sustainability risks.

Future orientation in the use of capital

TCFD NFS

The Unipol Group has created the Reputational & Emerging Risk Observatory to guarantee structured listening to signs of change in the external environment, building a 360 degree view of emerging trends, to mitigate the related risks and identify new opportunities early to strengthen loyal relations with stakeholders and the sustainability of the business model. An updated edition of the Observatory supported the definition of the 2019-2021 Strategic Plan with contextual elements and the anticipation of trends.

SOCIAL

	RISKS	OPPORTUNITIES	MAIN RESPONSES
HYBRID CONSUMER	• Reduced customer loyalty • Competition from new players and new channels • Increase in cyber risk as digitalisation grows	• Integrated multi-channel strategy • Continuous relationships with customers and customer experience • Provision of 360° service • Increased flexibility and resilience	• Industrialisation of multi-channel approach • Drive towards digitalisation • Distinctive, value-added services • Bancassurance and partnership development
WELL-BEING	• Increase in chronic and mental illnesses and the morbidity rate • Inaccessibility of healthcare and welfare for the most vulnerable • Risk linked to transparent and responsible use of data	• Complementary to the Government for welfare management • Predictive medicine services • Risk profiling and encouragement of healthier lifestyles thanks to technology	• Development of the integrated ecosystem logic for welfare with the Dyadea medical centres, well-aging services and telemedicine
INSTABILITY AND POLARISATION	• Under-insurance • Rising fraud • Competitive pressure on prices • Social tension	• Offer of low-cost cover and payment in instalments • Active commitment to financial inclusion and social cohesion	• Zero-rate instalments • Lifestyle and social protection products • Contribution to developing the risk culture
HUMAN SOCIETY	• Unsustainability of the demographic pyramid and family structure • Lack of appeal to new generations and failure to manage impacts on human capital	• Offer personalisation • Insurance as a planning tool throughout the life cycle • Emerging segments	• Telematics as a tool for personalisation • Sales force specialisation • Dynamic pricing
SHARING ECONOMY	• Reduction in the insurance base and business transformation • Changeover in customer type • Unbrokeraging	• Role of insurance in favouring a climate of trust between parties • New forms of insurance for new consumption models	• Policies with km-based rates, taking a pay-per-use approach • Service models based on the concept of access thanks to the implementation of telematics • Long-term rental
NEW SKILLS	• Inadequate management of complexity • Disappearance of the vertical division between sectors • *Skills mismatch*	• Development of organisational models based on flexibility, resilience and integrated thinking • Partnerships and cooperation with other sectors and start-ups • Development of human capital	• UNICA • Leithà • Evolution "Beyond insurance" • Entry of new skills • Smart working
INTANGIBLES	• Reduction of security needs linked to the traditional scope of tangible assets • Growth in ESG risks • Increase in and holistic dimension of reputational risk	• Evolution in the role of insurance from protection to empowerment • Development of products and services for intangible assets	• Reputational leadership in the financial sector and inclusion of reputation in the MBO system • Integration of ESG factors within the ERM framework and Group policies • Cyber risk and reputational risk policy

TECHNOLOGICAL

	RISKS	OPPORTUNITIES	MAIN RESPONSES
INTERNET OF EVERYTHING	• Loss of data oversight and customer relationships • Difficulty of attracting and retaining resources specialised in Big Data management • *Cyber risk and infrastructure breakdown*	• Evolution from "Payer" to "Partner and Preventer" • Optimisation of claims management and combatting fraud • *Personalised, predictive and dynamic pricing*	• Leadership in telematics for mobility • AlfaEvolution to oversee data, know-how and service model • Telematics as a lever for service and claims management optimisation in other areas as well • Data for shared-value initiatives with customers and the community
NEW MOBILITY	• Vehicle fleet reduction and mobility needs with evolution towards "Mobility-as-a-Service" • Evolution of the insurance contract due to the evolution of the concept of liability	• Development of new products and services oriented towards new mobility (multimodal mobility, assisted driving up to automatic driving) • Active role in the improvement of road safety	• Mobility Ecosystem: point of reference, not only in insurance, for private mobility requirements (long-term rental, used car sales platform, payment services in mobility, new devices)
ARTIFICIAL INTELLIGENCE AND ROBOTICS	• Disappearance of some jobs and the birth of new ones • Need for retraining of human resources • *Data ethics*	• Continuous personalisation of products and services • Process simplification and optimisation	• Robotics projects and machine learning • Orientation of skills towards higher value-added activities • *Data vision*
DARK SIDE OF TECHNOLOGY	• *Cyber risk and privacy risk* • Social impact in terms of the illnesses, addiction, distractions and disinformation	• Distinctive positioning as a "trustworthy" player	• Instruments to raise awareness on the risks of distracted driving • Responsible use of data
AUGMENTED MAN CYBORG	• *Cyber risk and privacy risk* • Complexity in the assessment of new risks	• Customer experience • Training • Strengthening of underwriting and claims management processes	• Monitoring of phenomenon destined to become significant beyond the Plan horizon

ENVIRONMENTAL

	RISKS	OPPORTUNITIES	MAIN RESPONSES
CLIMATE CHANGE	• Physical risks (acute and chronic) • Transition risks (reputational, market, policy and legal) • Risk of biodiversity loss	• Contribution to the creation of a mixed public/private system • Development of products and services for adaptation to and mitigation of climate change	• LIFE DERRIS and LIFE ADA • Development of predictive models for climate risk • *European Extreme Events Climate Index* (E³CI) • Insurance products and services • Green Bonds and "green" investments • Real estate and sustainable agencies project
CIRCULAR ECONOMY	• Transition risks	• Circular rethinking of business models • Contribution to the transition and the "Build Back Better" commitment through investment, underwriting and education activities	• Product transformation initiatives into "product as a service" ecosystems

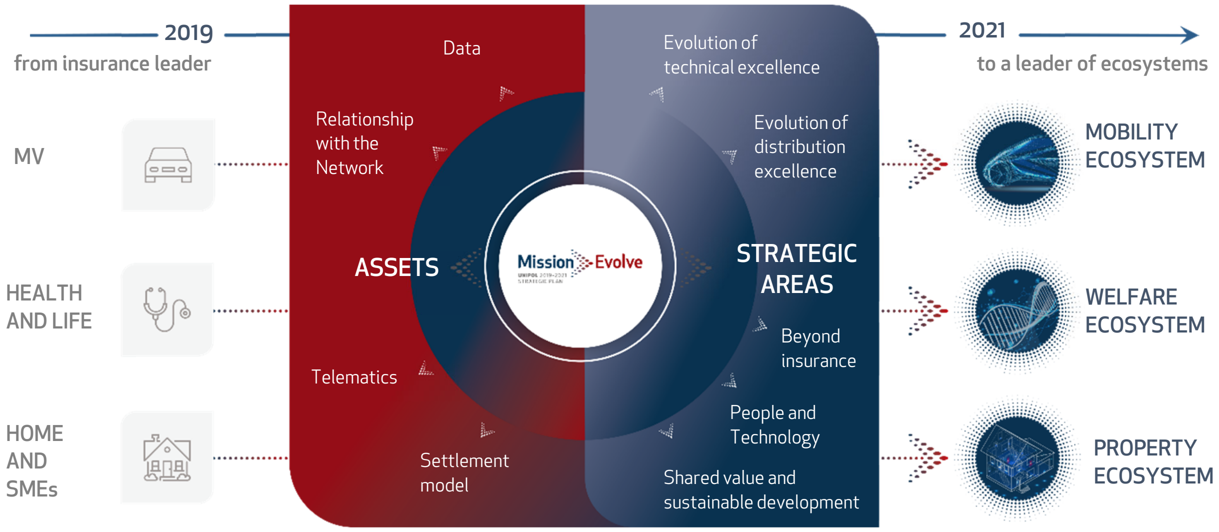
POLITICAL

	RISKS	OPPORTUNITIES	MAIN RESPONSES
NEW FRONTIERS	• Geopolitical instability • Need for new skills for global view and management of complexities • *Pandemic risk*	• Growth and diversification of risks • Aggregation processes and strategic partnerships	• UnipolRe, the Group's Reinsurance company as a vehicle company for growth in foreign markets
SPACE ECONOMY	• Risk of breakdown of critical infrastructures due to cosmic threats (e.g., solar storms)	• Offer sophistication with space-related technologies (satellite vision, big data GPS, telecommunications) • Space economy products and services	• Exploration of big data integration opportunities in space for climate and regional monitoring and service sophistication

NFS

"Mission Evolve": the 2019-2021 strategies

The 2019-2021 Strategic Plan - "Mission Evolve - Always one step ahead", broken down across the five strategic areas illustrated below, envisages an evolution of the Unipol Group from insurance leader to mobility, welfare and property ecosystems leader.



Among the actions planned, in 2020 several were implemented that strengthen the three ecosystems.
As regards Mobility:

- the long-term rental company, Car Server, acquired at the end of 2019, was re-branded to become UnipolRental and developed the new Business Plan with the aim of becoming leader in the long-term rental sector for the retail target and the point of reference in the corporate segment for companies that are already UnipolSai customers;
- the Group acquired Cambiomarcia, a company specialising in used car sales, and work has begun for its integration into the reference ecosystem;
- the payment services in mobility solution was launched, allowing vehicle tax or fine payments integrated with PagoPA and the booking and payment of parking at approved facilities.

The Welfare ecosystem was enhanced by the COVID-19 Telemedicine Service, operating 24/7 free of charge and targeting all holders of health insurance policies with one of the Group companies, and the Specialist Telemedicine Service, which guarantees direct discussion with the specialist in all cases where physical contact is not necessary. Alongside the Group medical centres, that have adopted the DYADEA brand, a new surgical diagnostics centre has been opened under the same name.
In relation to Property, the Group has launched an initiative to purchase the "110% Superbonus" tax credit subsidising property renovations, offered alongside insurance coverage of the property undergoing the works and the works execution phase. Over 900 Agencies have been authorised to sell electricity and gas supply contracts.

The 2019-2021 Plan includes within its strategic objectives the creation of shared value and the contribution to sustainable development, beginning from the conviction that the opportunities and well-being of the customers and people who interact with Unipol are necessary conditions for the capacity to develop in the market and the Group's sustainable success. In the strategic planning phase, the Group identified the SDGs for which a priority commitment was required to contribute to their achievement: Goal 3 "Good health and well-being", Goal 8 "Decent work and economic growth" and Goal 11 "Sustainable cities and communities".
Among the most important action areas in this respect are:

- the development of predictive climate risk models for companies, to boost the resilience of the various sectors and support adaptation to climate change; 2020 saw the launch of the Life ADA project targeting the agricultural sector;
- the development of market offers that promote sustainable development models through the innovative use of the IoT, with a particular focus on urban areas, to improve the sustainability of cities; during the year, various studies and experiments were carried out to understand and facilitate the changes and new habits brought about by the pandemic;

- the definition of accessible integration solutions for public welfare, extending protection to the broader public and supporting prevention, with a view to expanding and qualifying the welfare offer; in a critical period like 2020, the numerous initiatives undertaken in this area involved significant protective action to partner a public sector under enormous pressure.

Further details of the projects mentioned are provided in the section "The outcomes of shared value".

For more details, please refer to the page dedicated to the 2019-2021 Strategic Plan on the website of the Unipol Group

The Unipol Group's climate strategy

TCFD NFS

In its position paper **"Unipol for the climate"**, published in 2015, the Unipol Group stated its vision for the respective roles to be undertaken by public entities and insurance companies to manage the growing risks from climate change and to meet the expensive compensations necessary, proposing a model for the prevention and management of catastrophic weather events based on a public/private collaboration, which adopts insurance mutuality mechanisms. This vision was based in particular on the analysis conducted in the position paper, starting from the scenarios outlined by the IPCC and studies carried out by the European Environment Agency on the expected impacts of climate change in Italy, the main market for Unipol Group business.

In the Sustainability Policy, approved by the Board of Directors, the company commits to protecting the environment and combating climate change, which represent one of the main risks to which its activities are exposed. This commitment was broken down into the different Group policies so as to specify guidelines for the main areas of action, i.e.:

- **Insurance products and services**: the Group will promote the adoption of sustainable practices, particularly by the SMEs, and to make its skills available to entities of different natures to increase the country's resilience to climate-related phenomena;
- **Investment activities**: the Group supports the transition to a low-carbon economy through responsible investments and engagement activities with investees that have a significant climate impact, envisaging completion of the disinvestment from carbon by the end of 2030;
- **Real estate**: the Group sets itself the goal of decarbonising its investment property portfolio, taking action to continuously improve performance."

Material stakeholder engagement topics and processes

TCFD NFS

In the Unipol Group vision, the materiality analysis is strictly linked to the strategic planning process. Along with the development of the 2019-2021 Strategic Plan, a new analysis was therefore performed, with the aim of highlighting the effectively material corporate, social and environmental topics so as to understand how the Group acts and what are the main impacts it generates on its operating context, the results of which underlie the non-financial reporting for the three-year period of the Plan.
The sustainability topics of importance to the sector and the business are identified from the macro trends identified by the Reputational & Emerging Risk Observatory and assessed from internal and external perspectives.
The assessment of material topics for the company, which identified priorities in relation to the internal dimension, was performed considering the business model, the strategy and the main risks, as well as the impacts of the company's activities. For this analysis, documentary sources were used, such as the Strategic Plan and the study carried out by The European House – Ambrosetti on the non-financial impacts created by the Group, and the Managers of the Key Functions and the Top Management were consulted; the results were validated by the Chief Executive Officer and Group CEO.
As regards the relevance for stakeholders, the order of priority of the topics was defined through a set of activities aiming to take into consideration:

- the interests and expectations of the parties concerned, with a detailed listening process which involved corporate and retail customers, employees and agents, the representatives of the organisations constituting the Unipol Regional Councils, suppliers and opinion leaders;
- main sector issues, public policies and regulatory stimuli, with analysis and assessment of numerous contributions from the European Commission, EIOPA and other authoritative sector and cross-sector bodies were analysed and evaluated.

Lastly, the materiality matrix was approved by the Board of Directors.

The topics positioned in the upper right quadrant of the matrix, which represent fundamental work areas through which the Group intends to contribute to reaching the three Sustainable Development Goals identified by the Strategic Plan, will be discussed at length.
Particularly with reference to the material topic "**Actions for adaptation to and mitigation of climate change**", to define the areas of impact on which to report, the Group took as points of reference both the TCFD Recommendations and the European Commission's climate reporting guidelines, which lay out the informational expectations of stakeholders with regard to the insurance sector. Therefore, both financially significant aspects as well as environmentally and socially significant aspects ("**dual materiality**") were included in summary form in the Annual Integrated Report.

The priorities defined through the matrix, in the context of the health emergency that arose in 2020 and forced a new and dramatic rethink of the issue of the delicate balance between health, environment and prosperity, were considered in detail as regards the opportunity to update them. Based on experience gained in recent months and the documented analysis on the effects of the pandemic provided by influential global and sector bodies, the Group assessed the priorities defined through the matrix to be unchanged overall, whilst **the pandemic had acted as an accelerator in certain instances** (for example, the need to identify solutions offering remote healthcare information and support, or the need to strengthen the protection of IT systems from external attacks and, together, the protection of employee privacy as homeworking became more common). Group efforts aimed to provide the market and investors with information on how the impacts will reflect on the various ESG performances and provide complete and transparent disclosure in commenting the performance trends, explaining the potential trends once the emergency has passed.

In addition to listening concerning updating of the materiality analysis, the Group constantly carries out direct stakeholder engagements. Meetings and dialogue with stakeholders are structural elements of the Group's 'modus operandi', in order to understand and respond to needs effectively, improve its service capacity, and guarantee accessibility and transparency in its actions. Listening activities and continuous, structured relationships engage customers, employees, agents, business partners, investors, institutions and the community.

Please refer to the "Stakeholder Engagement and Management" section of the Unipol Group website for a detailed description of the stakeholder engagement activities and the definition of material topics..

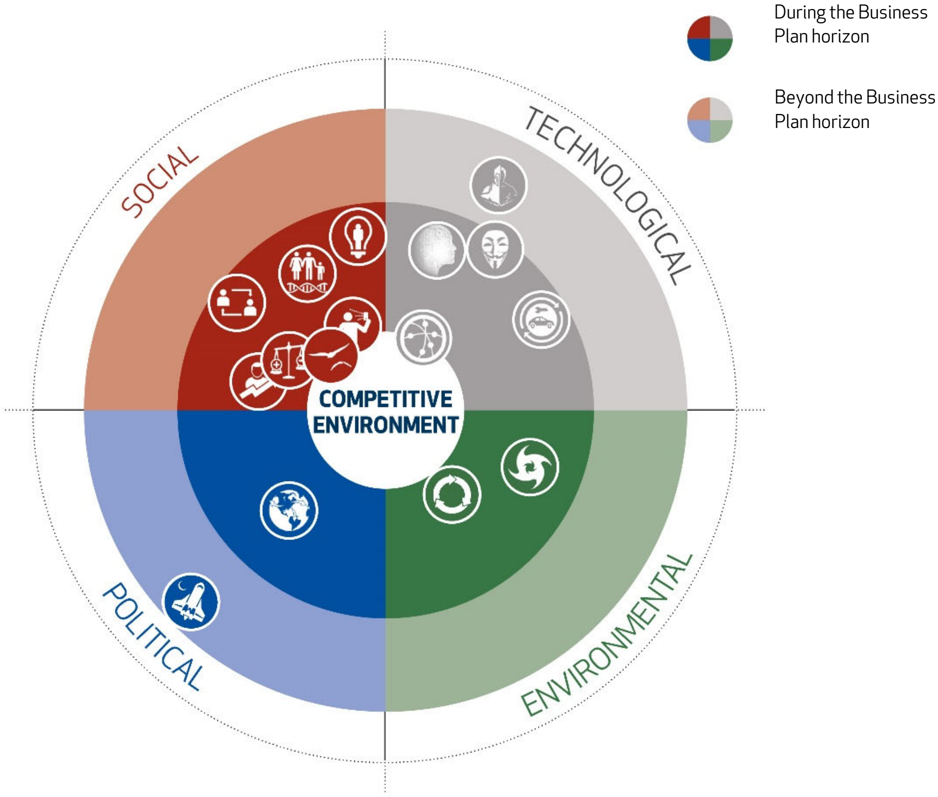
CONNECTION BETWEEN MATERIAL TOPICS, MACRO TRENDS AND SDGs

SOCIAL
- Sharing Economy
- Hybrid consumer
- Instability and polarisation
- Human Society
- Well-being
- New skills
- Intangibles

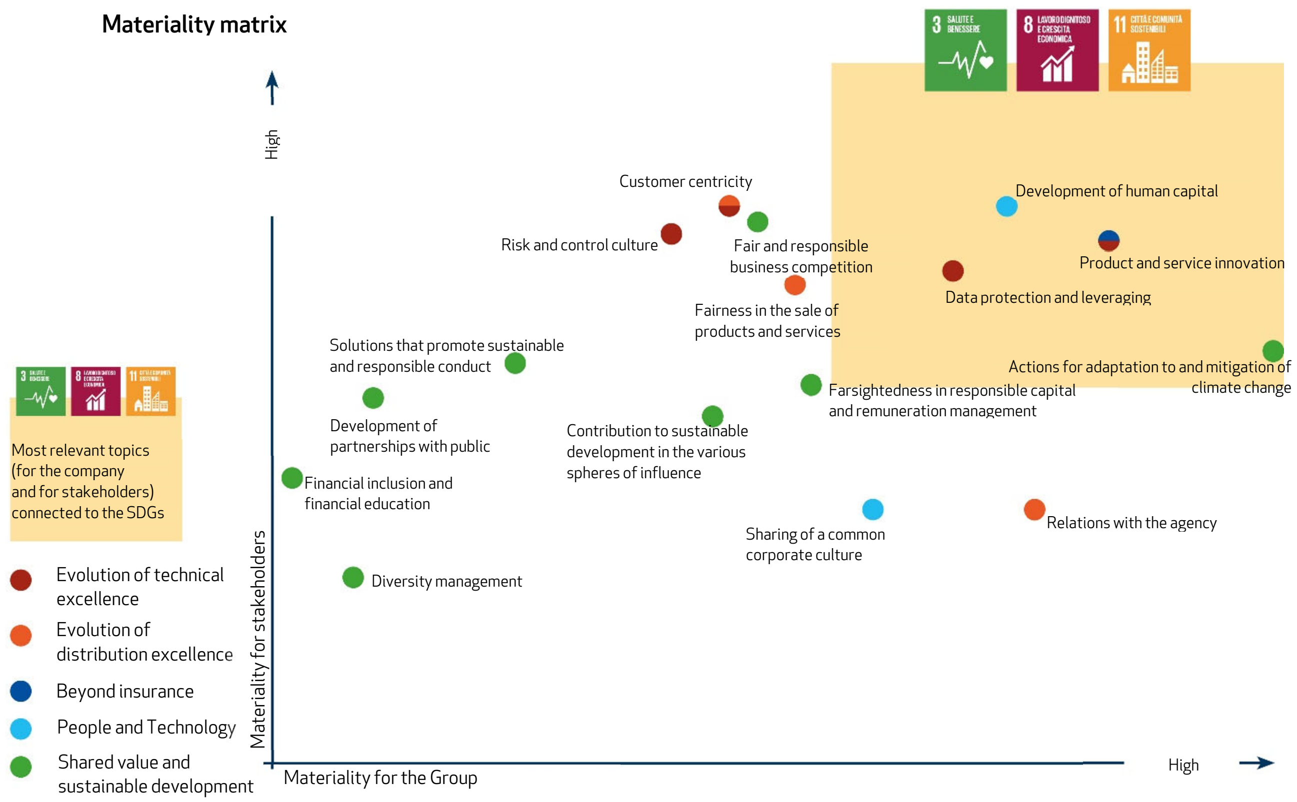
TECHNOLOGICAL
- Internet of Everything
- New Mobility
- Artificial Intelligence and Robotics
- Dark Side of Technology
- Augmented man - Cyborg

ENVIRONMENTAL
- Climate Change
- Circular Economy

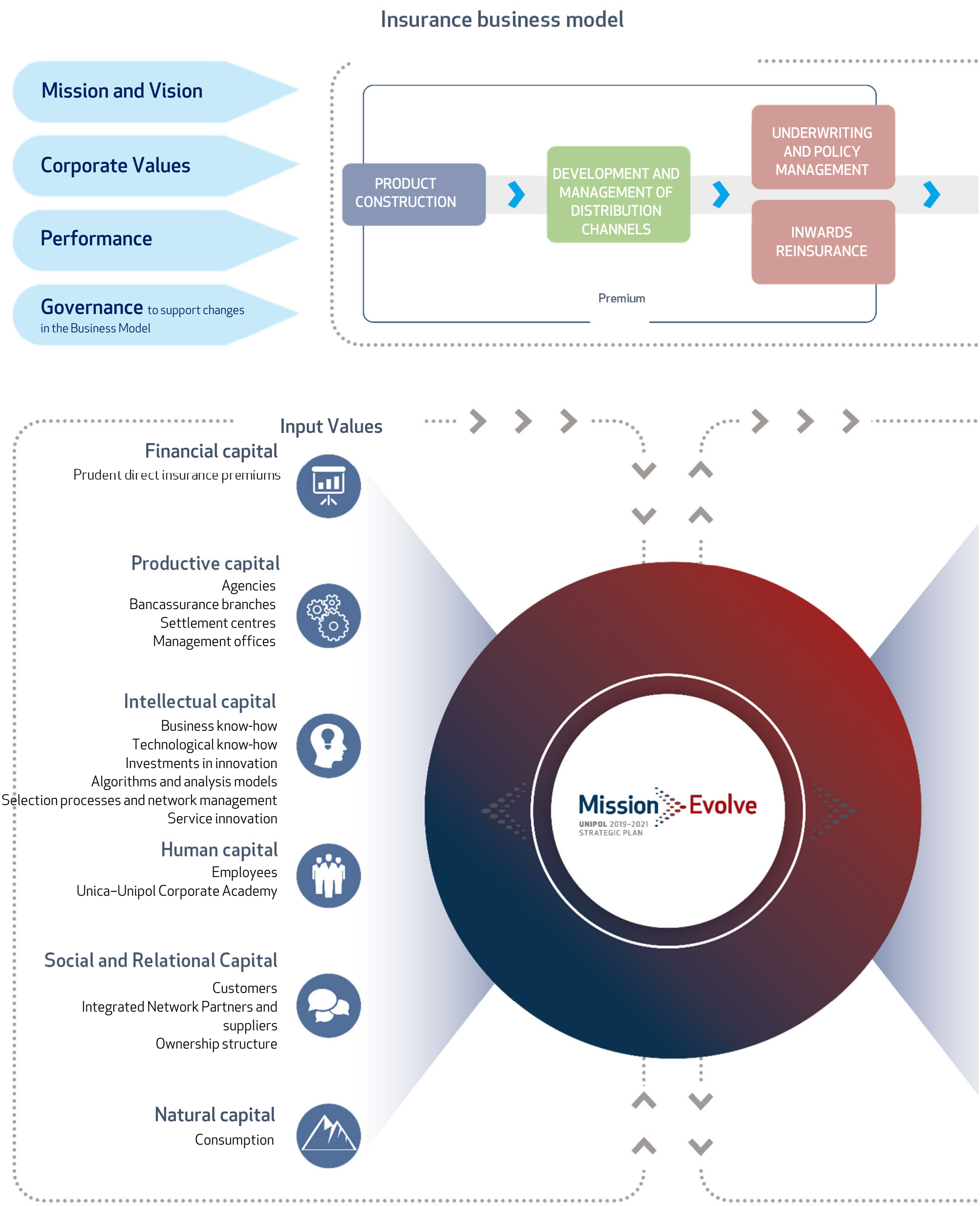
POLITICAL
- New frontiers
- Space Economy

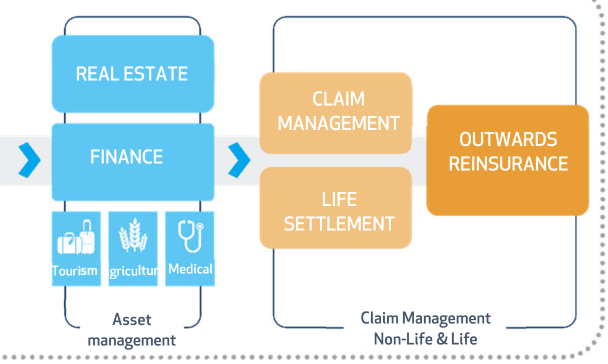


Materiality matrix



THE CREATION OF VALUE





Output values

Financial capital
Capital strength
Prudent financial management

Productive capital
Efficient network
Integrated multichannel model
Extensive presence in reaching new targets

Intellectual capital
Product innovation
Service innovation
Ecosystem development

Human capital
Growth in skills
Entrepreneurship
Employee well-being

Social and Relational Capital
Customer satisfaction
Benefits from the integrated network
Assistance service speed

Natural capital
Emissions

Shared Value

Satisfaction of security and well-being requirements — 7.7 million persons protected by welfare insurance coverage

Support in the transition towards more efficient, safe and sustainable mobility — More than 33.5bn km travelled by vehicles with "pay per use

Contribution to the growth of the country, supporting SME development and increasing insurance knowledge — €710m for SME protection policies

Support to the realisation of the 2030 Agenda and contribution to combatting the climate emergency — €609m in thematic and impact investments

Strengthening of reputation — 73.6 Reputational index with public opinion in Italy

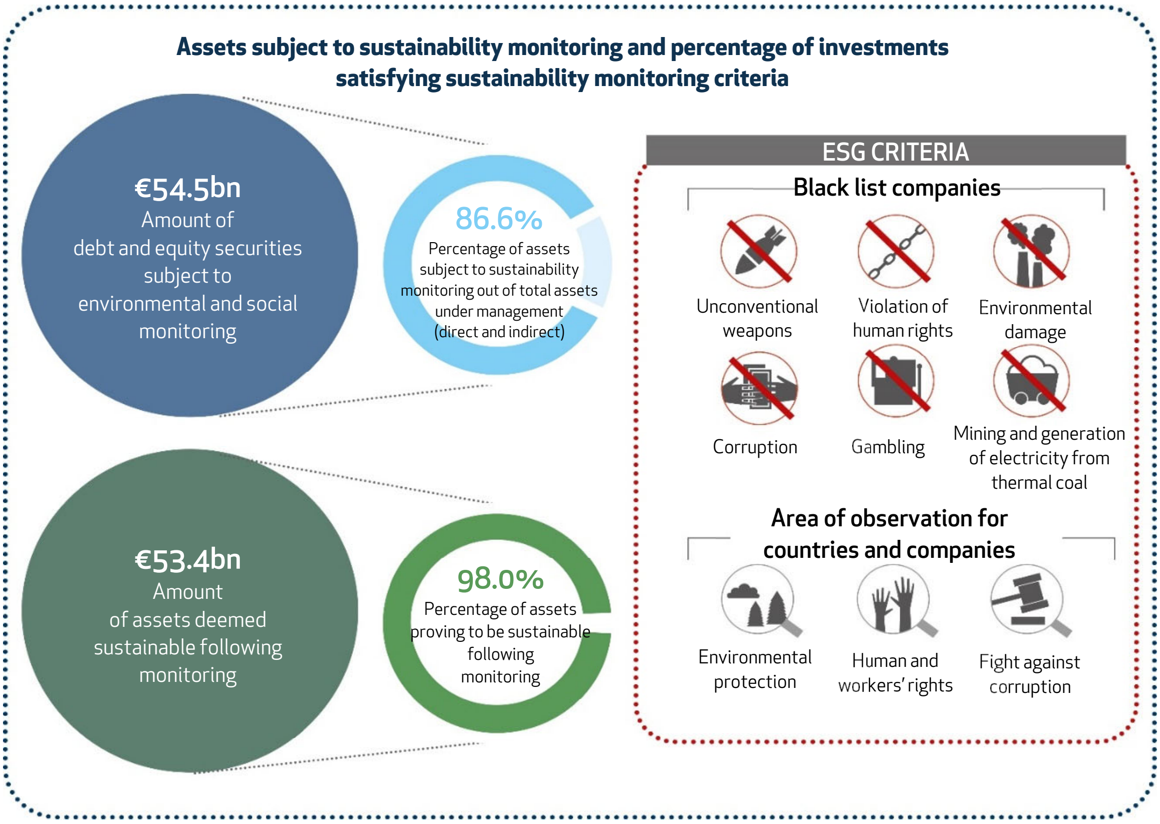
Capital performance

TCFD NFS

Financial Capital

Unipol's capital management strategy focuses on structurally sustaining financial returns in the medium and long term by means of policies that allow for the maintenance of an adequate level of solvency.
In 2020, the Unipol Group reached a Solvency II ratio (calculated on the basis of the Partial Internal Model) of 2.16 (1.87 in 2019).[5]
In quantitative terms, the Group's Risk Appetite is determined on the basis of the following elements: capital at risk, capital adequacy and Liquidity/ALM ratios. Quality objectives are defined in reference to compliance, emerging, strategic, reputational, ESG and operational risks.
By means of prudent management again in 2020, the Unipol Group continued to diversify its investment asset allocation and maintain a stable level of liquidity sufficient to meet the operational requirements of the Group companies.

Since 2001, when Unipol enhanced its product mix with the first Italian SRI Pension Fund, the Group has constantly innovated its strategy for the responsible investment of financial assets.
After seven years of ex-post monitoring of financial assets based on sustainability criteria, in December 2019 the Group's Board of Directors approved the "Guidelines for responsible investment activities", presented in detail in the paragraph "The monitoring of social, environmental and governance risks".[6]
The Guidelines envisage the ex-ante integration of ESG Factors into the decision-making processes for financial investments, by adopting SRI[7] screening strategies based on norm-based screening and exclusions, in reference to the Class C Life and Non-Life portfolios. The Group also continues to perform ex-post monitoring of its own assets in accordance with the ESG criteria defined in the Guidelines, including the remainder of the financial assets portfolio[8] in order to have a broader awareness of the risks associated with sustainability in its own investments.
Since 2017, the Group has adopted the UN Principles for Responsible Investment (UN PRI).



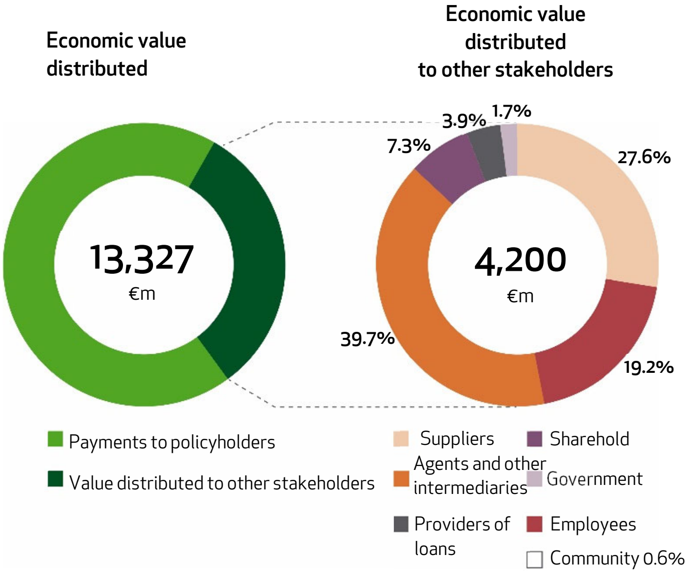
[5] Value calculated on the basis of the information available as of today. The definitive results will be reported to the Supervisory Authority with the timing required by regulations in force.
[6] This monitoring is performed with the support of the external consultant ECPI, a company specialised in the assignment of ESG ratings and building sustainability indexes.
[7] Sustainable and Responsible Investment
[8] Financial securities in the UCI - Collective Investments Undertaking portfolios are excluded from investment monitoring

Equity in the distribution of the value created

The distribution to stakeholders of the value generated is calculated according to the GRI 201 Standard of the Global Reporting Initiative, applied so as to capture the characteristics typical of the insurance business.

The "Direct economic value generated" (€14,203m) is calculated from the sales revenues (net premiums earned and net financial income), obtained from the Group Consolidated Income Statement.

The value generated was distributed primarily to insurance customers in the form of claim payments (€9,127m).



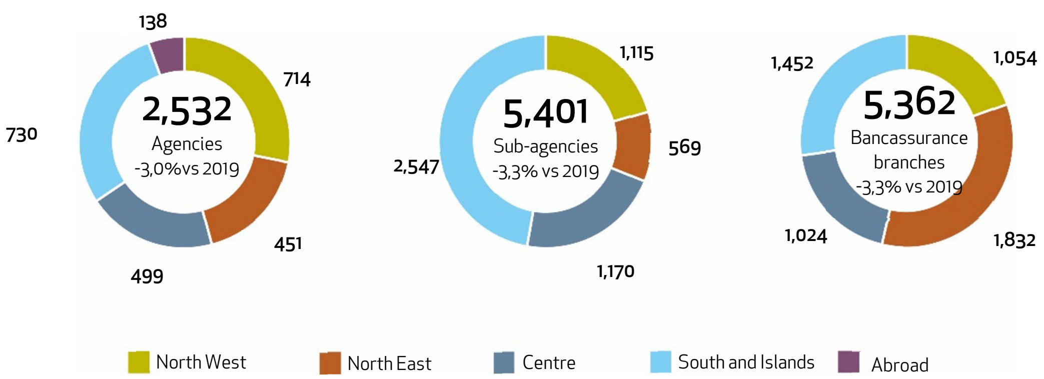
For further details on Financial Capital, please refer to the "Appendix - Unipol in numbers"

Productive Capital

The distribution network

The Group covers the Italian territory through an extensive network of agencies and sub-agencies, in addition to 594 brokerage firms and points of sale that are part of the bancassurance partnership.

Local distribution network



Reorganisation initiatives continued in 2020 with the aim of promoting dimensional growth and evolution towards a more managerial model for the agencies concerned. There were a total of 236 initiatives, 145 of which were groupings with transfer of portfolio. Consequently, the average size of Agencies continues to increase (+2.9%, after +7% in 2019). Network coverage is not affected: 18% of agencies are in municipalities with less than 15 thousand inhabitants. The Group's presence throughout the country is also guaranteed by the presence of UnipolSai and Siat settlement units.
The Group also operates in Serbia through a multi-channel network made up of both internal and external structures. The 135 points of sale rely on roughly 970 external partners and employees to provide services mainly in the northern part of the country, supported by direct sales channels through the Internet.

2020 was characterised by acceleration of the **agency network digitalisation** processes: all the agencies have mobile operations capacity for consulting, quotes management, policy issue and payments.
A pilot project was launched during the year to promote virtuous environmental conduct on the network and 4 points of sale were certified as "**Sustainable Agencies**" by Legambiente.

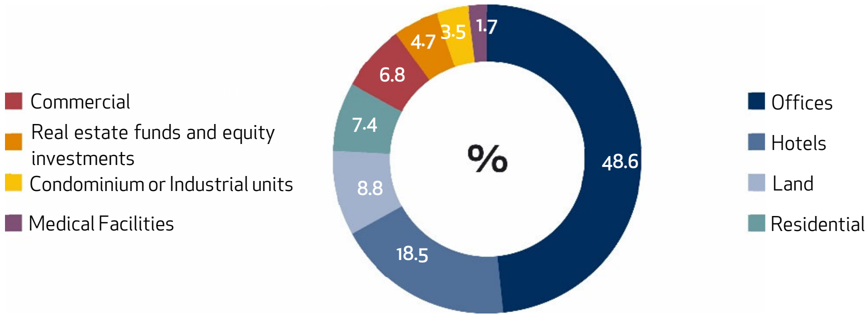
Real estate portfolio

In the real estate sector, the Group is one of the leading operators in Italy in terms of assets under management (€3.9bn at 31 December 2020), with many years' experience in the promotion and coordination of urban revitalisation projects and the ordinary and extraordinary management of real estate portfolios, with the aim of continuous and sustainable creation of value.

The Group's properties can be broken down into two macro-categories:

- property "used by third parties", buildings owned by the Group but not used by Group companies. These assets are leased primarily to third parties;
- "instrumental" property, assets used mainly to carry out the business of the Group Companies.

Real estate assets by intended use



The renovation and refurbishment of property assets continued in 2020.

In Milan in particular, note the continuation of works to construct the new multi-storey office building in Piazza Gae Aulenti (Porta Nuova Garibaldi area), which will be **Leed Platinum** certified for energy and water savings and for the ecological quality of the interiors.

Again in Milan, the **"INOLTRE. Sharing the city" project** was launched, a shared listening and co-design process involving major players and residents in the promotion of peripheral areas.

Geographical breakdown of the real estate assets

For further details on Productive, please refer to the "Appendix - Unipol in numbers"

Intellectual Capital

For Unipol, intellectual capital represents most of the assets used to build its strategies and is continuously enhanced through investments in innovation.
Investment in data, telematics and the application of Artificial Intelligence and Robotic Process Automation (RPA) generates real returns for the core business. The main effects are the improvement of the capacity to identify fraud, through the automatic and "predictive" flagging of suspicious claims; a reduction in the cost of claims; the expansion of knowledge of real customer needs and the subsequent creation of new services and products offered to customers in a range of segments.
The process of "electronic settlement" uses the information provided by the black box to verify the dynamics of the claim events, and "Real Time 2.0" envisages opening of a claim from the moment of impact detected from the black box data.
It is also confirmed that use of the black box speeds up and reduces the settlement cost of claims, especially in areas at greater risk, which see 70% of claims handled electronically. Note, however, that the 2020 figure was subject to obvious performance discontinuity as a result of the COVID-19 pandemic and the heavily restrictive measures on road traffic circulation introduced to limit its spread: strong decrease in Current MV TPL claims and significant changes in the trends normally seen in terms of settlement performance, such as settlement rate and average cost of claims.

Technological evolution also involves the service companies and ecosystems.
In 2020, **ICT investments** amounted to €88m (€79.3m in 2019). 138 Terabytes of electronic data were managed (compared to 78.1 in 2019), marking a 76% increase linked to development in the projects based on telematics and process digitalisation and automation.
The Group frequently involved and leveraged the contribution of start-ups, universities and research networks in the innovation processes.

Innovation projects by ecosystem

MOBILITY

EXPANDING SERVICES FOR CUSTOMERS AND AGENTS
- Virtual assistants based on AI Chatbot
- Fleet management services
- Telematic device for motorway toll payments
- App Services for payments in mobility
- Multichannel sales
- Remote sales
- Electronic device to increase the effectiveness of finding a stolen vehicle

EXPANDING THE OFFERING
- Personal Mobility Assistant
- Km0 car sales

AUTOMATING PROCESSES
- Automatic analysis of documents supporting claim management
- Accident image recognition
- Robotic Process Automation

IMPROVING UNDERSTANDING OF CUSTOMER NEEDS AND RELATIONSHIPS
- Social Intelligence
- App for dynamic customer feedback
- Platform for managing and monitoring customer relationships
- Active listening

PREVENTING AND PROTECTING WITH THE SUPPORT OF TECHNOLOGY
- New self-installing electronic device for 2-wheel vehicles without the need for battery connection
- Development of vehicle telematic box hardware with proprietary technology
- App to measure driving behaviour
- Solar dashboard
- New assistance services and dangerous driving style alerts
- Videocams for retail and heavy goods vehicles

STRENGTHENING TECHNICAL EXCELLENCE WITH THE SUPPORT OF TECHNOLOGY
- Big Data Analytics per Pricing&Underwriting Excellence
- Automatic analysis of documents supporting claim management
- Telematic accident reconstruction

WELFARE

IMPROVING UNDERSTANDING OF CUSTOMER NEEDS AND RELATIONSHIPS
- Platform for managing and monitoring customer communication campaigns
- Evolution of UniSalute digital touch points

PREVENTING AND PROTECTING WITH THE SUPPORT OF TECHNOLOGY
- Kit to monitor the health of the elderly

PROPERTY

EXPANDING SERVICES FOR CUSTOMERS AND AGENTS
- Gift Card

EXPANDING THE OFFERING
- Utility Services in the Agency

PREVENTING AND PROTECTING WITH THE SUPPORT OF TECHNOLOGY
- Weather data processing to create hazard maps
- E3CI - an index supporting the analysis of weather risk
- Evolution of the home automation and service kit

STRENGTHENING TECHNICAL EXCELLENCE WITH THE SUPPORT OF TECHNOLOGY
- Support for outwards reinsurance in the General Classes

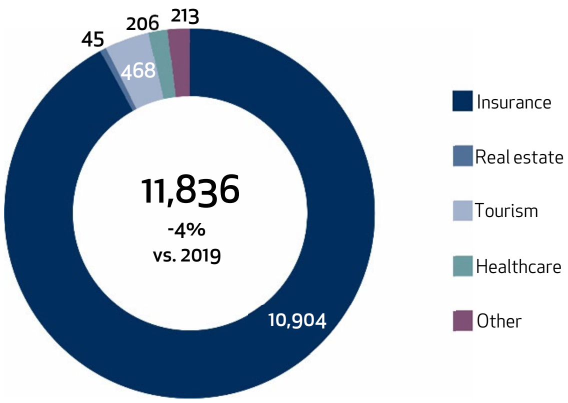
Key:

INCUBATION > EXPERIMENTATION > MARKETING

Human Capital

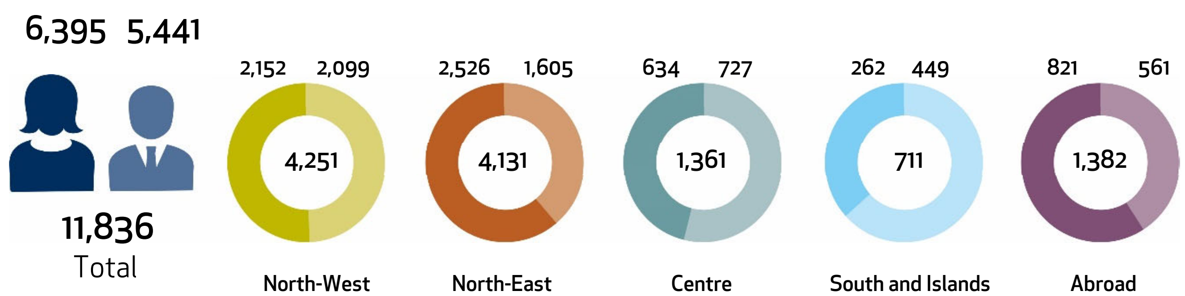
NFS

Employees by sector



In 2020, Unipol Gruppo and the Group insurance companies implemented the trade union agreements signed in relation to jointly agreed termination of employment contracts for non-executive personnel reaching pension age by 31 December 2023. The same agreements were entered into for executive personnel reaching pension age by 31 December 2024 (initially 31 December 2023).
The agreed termination of contract involved 520 workers in 2020, 377 with access to the Solidarity Fund and 143 accepting early retirement.
These personnel will receive their pension directly from INPS, if they have reached entitlement, or will have access to the extraordinary section of the Solidarity Fund, whereby they will receive a cheque paid by the company that is equivalent to the future pension until such a time as the state pension requirements are met, through payment by the company to INPS of the related contributions.
These initiatives resulted in a decrease in personnel of 501 and brought the overall employee turnover rate to 19.2%.

Number of employees by geographical area

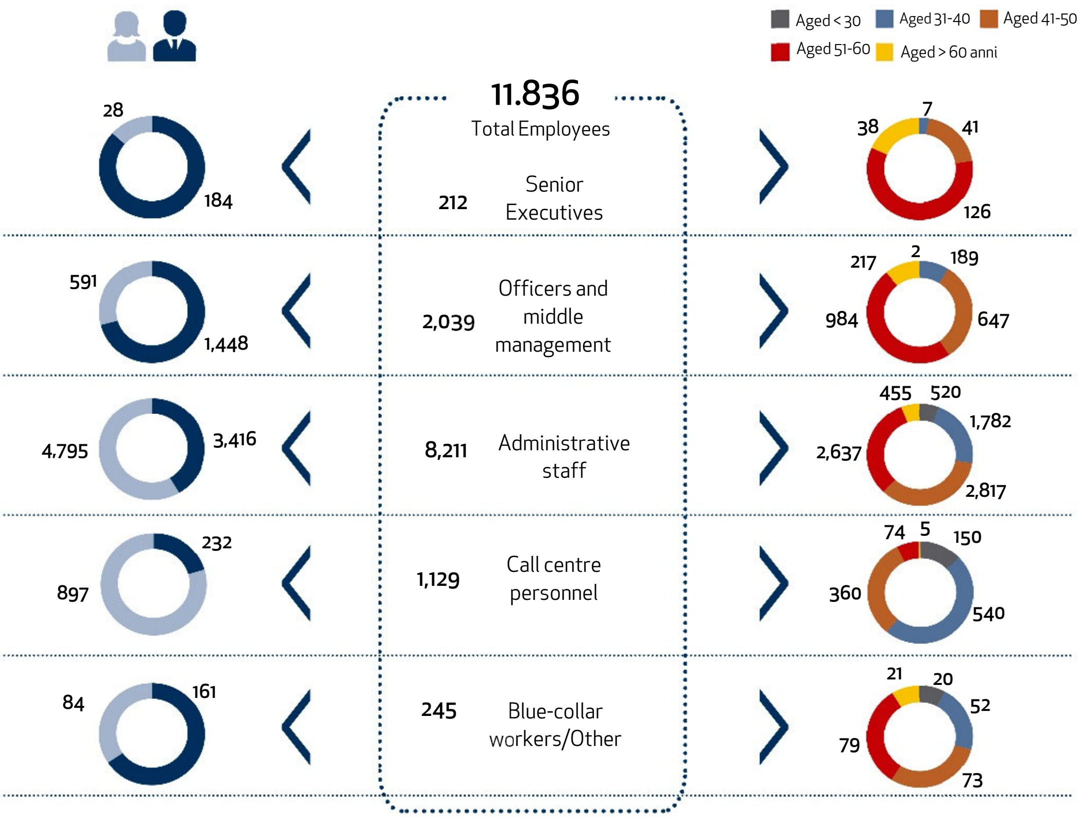


Women account for 54% of the workforce. Of these, 619 hold managerial positions, equal to 27.5% of the population in those roles.
Recourse to **internal mobility** involving a change in role concerned 460 employees in 2020, representing an efficient growth lever.

Employees with a permanent contract make up 96.4% of the staff. In the course of 2020, 144 employees covered by the Insurance and Commerce contracts were made permanent.
University graduates constitute 45% of the workforce (+0.8% compared to 2019).

At 31 December 2020, there were 517 people with disabilities or belonging to protected categories, equal to 4.4%, down slightly from last year due to the effect of participations in the Solidarity Fund.

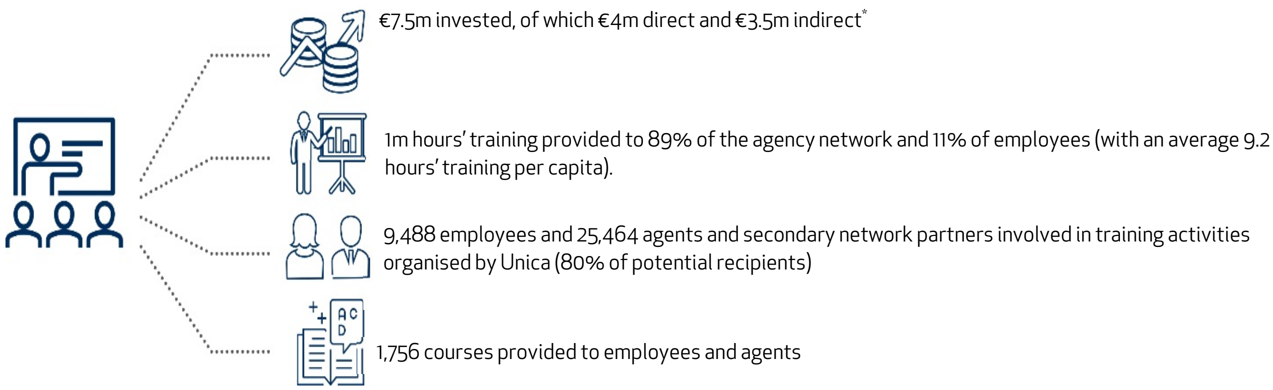
Number of employees by age brackets, job-level category and gender



Unipol follows the "**Charter for equal opportunities and equality at work**" and has defined precise guidelines in its personnel management policies to create a modern, respectful working environment that promotes opportunities for everyone.

In 2020, **Unica**, the Unipol Group's Corporate Academy reviewed its planning and methods for designing and providing training so as to continue offering training opportunities to personnel despite the health emergency, through massive use of webinars and video-conferencing, in addition to digital learning.
During 2020 the Academy renewed the **ISO 9001:2015** Quality Certification and created a new faculty dedicated to masters and **high - level apprenticeship courses** and entry courses for young people.

Training provided in 2020



*Understood as the opportunity cost of employees which, to participate in training activities do not perform their usual work activities

Of note among the training courses for the agency network is "**Costruiamo il futuro**" (Let's build the future), targeting the UnipolSai Agents of tomorrow, to build a new Agency model consistent with the Group Business Plan. The initiatives targeting younger colleagues continued with the third edition of the **Unipol Insurance Master Program**, involving 20 recent graduates joining Unipol with an inter-functional training course, and the new edition of the **Next Generation project**, involving 332 employees *aged under* 35 recruited at least one year ago in further study of organisational skills and aptitudes.

The company collective labour agreements entered into within the Group provide robust welfare programmes for all employees, including healthcare for family members, coverage for accidents, even outside of work, and supplementary pension protection.
To cover the workers of all sectors in which the Group operates, there are **11 Pension Funds** (plus other forms of supplementary pensions), in which 81.3% of employees are enrolled, and **16 Assistance Funds**, of which 85.6% of employees are members.

The **second-level corporate welfare policies** accompany Group personnel with the design and promotion of services aimed at satisfying the most important needs of the various phases and conditions of life, to improve personal and organisational well-being.
In 2020, the proposals were adapted to the changing and complex needs arising from the health crisis and from widespread use of homeworking, by activating webinars designed ad hoc on self-management and management of the more vulnerable family members (remote contact with elderly relatives, but also with small children and adolescents) during the emergency conditions, enhancement of existing initiatives, particularly useful in this phase, such as the services network and consulting to support caregivers and initiatives in support of parenting (e.g., digital courses for parents, arrangements with baby sitting agencies, homework support, etc.).
To improve the response capacity, a structured listening course was launched for the entire corporate population, designed to capture new needs and expectations as well as measure the level of well-being and receive information to continue and build upon the procedure for assessing the social impact of corporate welfare.[9]

The **Health and Safety Management System** adopted by the Unipol Group guarantees compliance with legal provisions on health and safety and on prevention, as well as reducing aspects detrimental to health and safety, and it is reviewed at least annually to verify its adequacy.
Alongside the usual activities, which decreased in volume compared to previous years due the COVID emergency (1,700 medical visits, 770 participants in voluntary health monitoring activities), the commitment in this area aimed to guarantee the safe reopening of offices, through numerous interventions on the facilities, together with a major **information and training action targeting employees** and the distribution of personal protection equipment.
The total number of workplace accidents fell from 182 in 2019 to 46 in 2020 (52% during commuting). As a result of the accidents recorded, more than 1,600 work days were lost compared to 4,500 in the previous year.[10]

Basic training paths on safety were completed by 9,365 employees and 185 executives of the insurance sector companies operating in Italy, the diversified companies and the Irish company UnipolRe.

On Mobility Management, due to the health emergency and subsequent recourse to homeworking and the inescapable forced changes in the travel/mobility habits of workers, it was not possible to conduct new and additional analyses or update the documents. Application of the Home-to-Work Travel Plan (Piano Spostamento Casa Lavoro - PSCL) was extended to 9 cities including around 40 offices.

As a result of the COVID-19 pandemic, Industrial Relations activities were characterised by trade union discussions in the various productive contexts of Group company operations, in order to:
- adopt a series of measures to guarantee compliance with health-hygiene requirements and promote the contractual application of smart working for almost all employees;
- define the contractual institutions necessary to manage the significant decrease in activities recorded during the year.

Overall, for all the Group companies, 37 trade union consultation procedures were undertaken, leading to the signing of 25 agreements. There were no strikes during the year.

For further details on Human Capital, please refer to the "Appendix - Unipol in numbers"

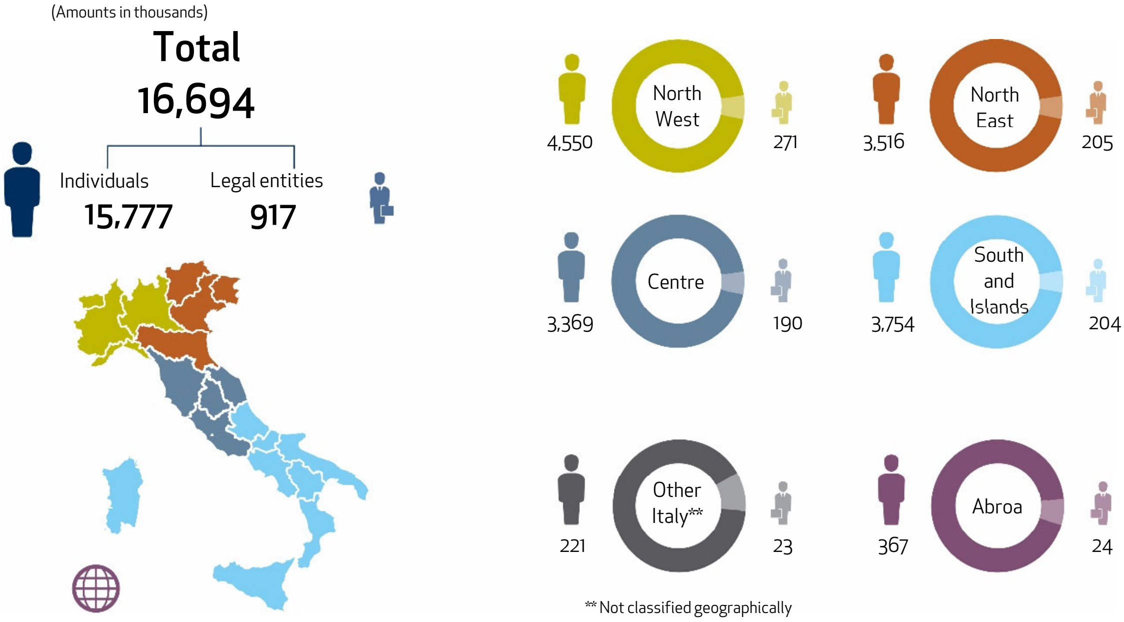
[9] The results of the corporate welfare impact assessment are presented in detail in the UnipolSai Group's 2020 Sustainability Report.
[10] No accident had serious consequences or resulted in death.

Social and Relational Capital

Customers

In 2020, the Group provided its services to **16.7m insurance customers**, both individual policyholders and those insured by collective policies, up by 3.4% on 2019.

Local customers/policyholders



** Not classified geographically

Businesses account for 27.8% of the Non-Life portfolio of UnipolSai (12.5% corporate and 15.3% SMEs). Among the business customers with a Non-Life premiums volume of more than €40m, the sectors most represented are real estate, construction, retail and wholesale commerce, specialist construction, third sector, energy providers and metalworking.

The focus on customers begins with the start of the commercial relationship and continues throughout, developing specific activities to monitor satisfaction. New products and services, as well as changes to existing products and services, are subject to a preventive audit of compliance with applicable regulations, which takes into account their consistency with the expectations of the customers for whom they are designed, also envisaging monitoring over the entire life cycle.

Relationship support services

The Group's commercial action in 2020 was characterised first and foremost by the prompt reaction to the context created by the health emergency, to support the strong growth in demand for process digitalisation.

Through the simplification of activities in mobility and the new remote sales functions to support agency operations, the use of the advanced electronic signature (AES) increased by 70% and mobile and remote payments doubled compared to the previous year. Customers adopting the AES represented 27.8% of the total (+10 p.p. on 2019) and policies underwritten using the AES rose from 11.7% to 21.1%.

The app and website platform applications were enhanced, and the self-service range of services was available on the UnipolSai app was expanded with payment of policy and "blue line" parking slips, as well as the development of the #UnMesePerTe, #AndràTuttoBene and #UniSalutePerTe digital campaigns.

The expansion of digital solutions to commercial relations doubled the number of customers registered on the IT systems, with over 4 million registered for homeinsurance, which recorded an access count of more than 22 million.

Customer Protection and Responsible Sales

The Group companies prepare offer documents as required by reference regulations, taking into account the continuous developments in this respect, with a constant commitment to improving language transparency and simplicity. The same approach is used in defining advertising messages.

Life product Certification was confirmed in 2020 for all products in the Investment, Savings and Welfare ranges, requiring audit and quality certification of UnipolSai compliance in product regulations according to the values of transparency (complete, understandable and traceable information), fairness (clear and balanced cost) and product value (protection of capital and selected investments) by the certification body Bureau Veritas, regarding the processes of product development, investment and management of the post-sales relationship with customers. In this respect, a study[11] of current and potential customers was conducted, from which the initiative's contribution to building reliability and trust emerged: for 69% of customers (73% including prospects) the certification influence the choice of Life policy, confirming the importance of values in the Group's commercial activities.

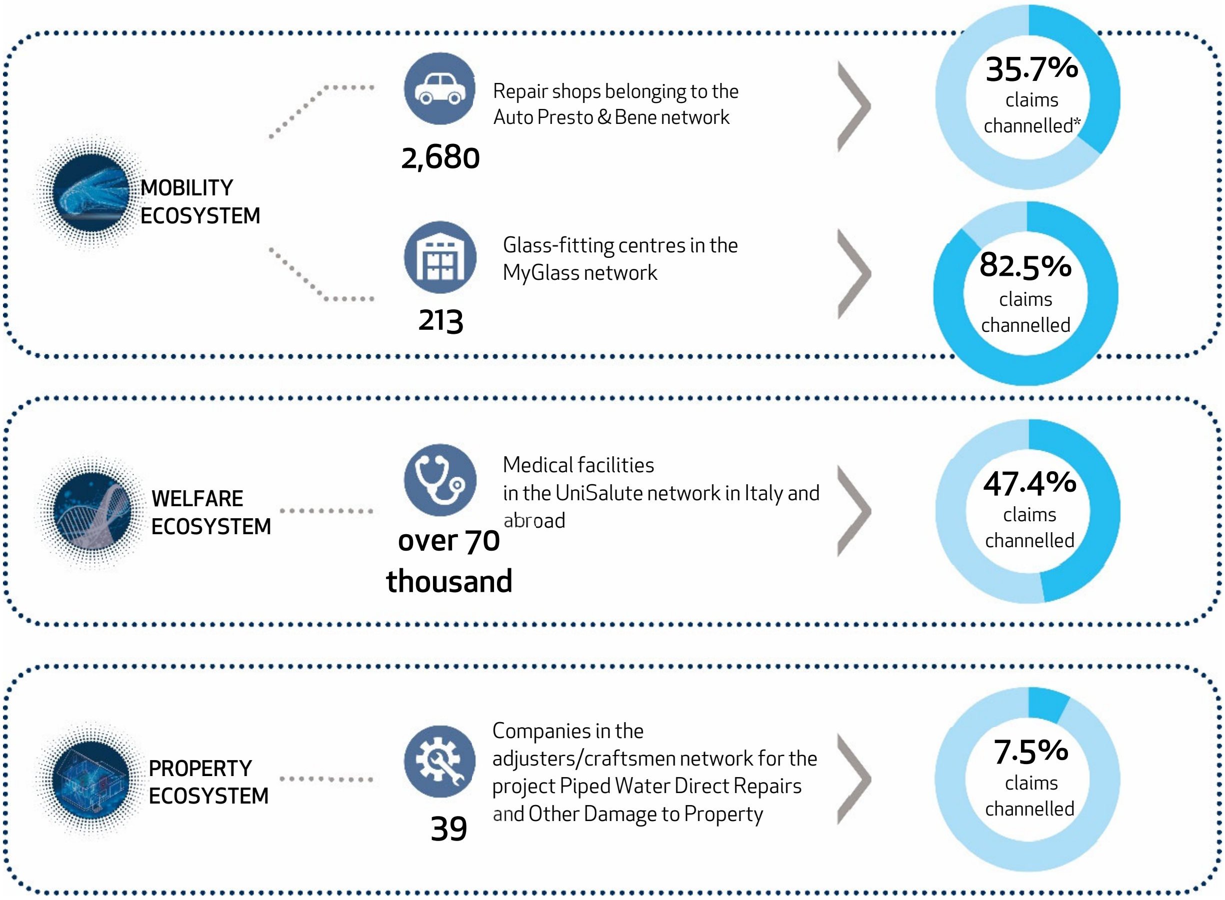
Internalisation of the service model

The Unipol Group's decision to internalise damage repair services aimed to guarantee financial savings and a high level of service through processes in which selected partners accompany customers by solving critical issues created by the damages suffered, regarding the vehicle, person or property.

Continuous and significant growth was recorded in policies underwritten with additional services, particularly in MV business. Customers that buy policies with additional services are more loyal (for example, the overall retention rate in the MV TPL segment is 86.2%, compared to the market average of 82.7%); among those who have had the opportunity to try these services, the retention rate rises to 90%.

[11] Interviews conducted in November 2020 using the BVA-Doxa CAWI methodology on a sample of 1,200 individuals.

The impacts of direct repairs and channelling



* the figure includes only the MV TPL business.

Satisfaction monitoring

In the customer satisfaction survey conducted in 2020[12], UnipolSai took first place, 5 p.p.[13] ahead of the traditional insurance companies market in the overall rankings.

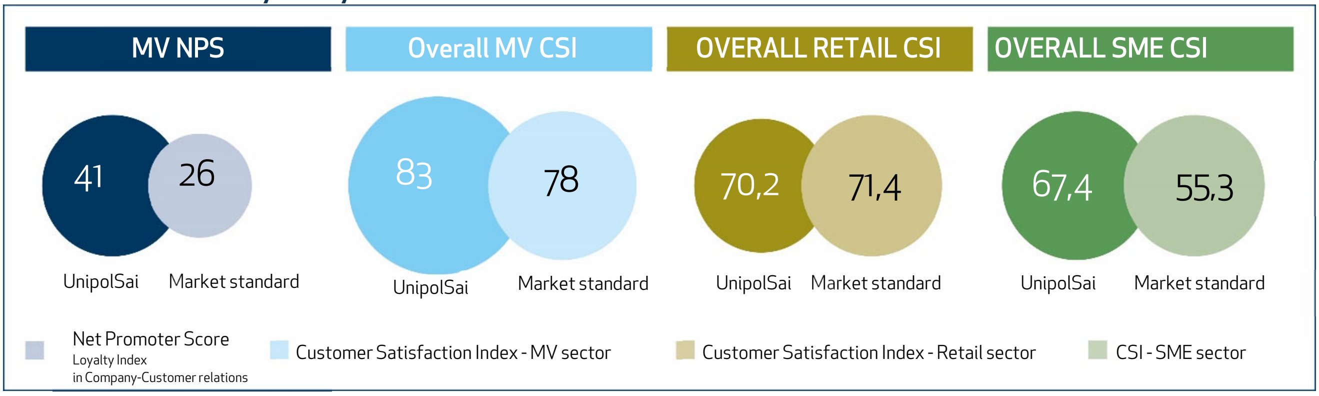
The MV customers' NPS (Net Promoter Score) was also higher than the market benchmark. As part of the ongoing surveys[14], the overall customer scores see their satisfaction with UnipolSai unchanged and in line with the market among individual customers, whilst business customers' scores improved in 2020, the opposite of the market trend which lost almost 10 percentage points compared to 2019.

[12] The interviews, adopting the CAWI approach, were carried out at the end of 2020 and customers interviewed numbered 3,782, of which 1,446 were UnipolSai customers (900 from the random list provided by the principal and 546 by the Nexplora panel).

[13] In 2020, the survey was improved and made more in line with the analysis of customer and market needs, but its results were therefore not comparable with the previous year.

[14] Ipsos' Multifinanziaria Retail offers an understanding of financial decisions by households and individuals aged between 18 and 74, representing 21.1 million households.
The sample data is taken from 5,000 face-to-face interviews of financial decision makers, obtained in two half-yearly waves of 2,500 interviews. Multifinanziaria Aziende, however, is a periodic monitoring system that studies the needs of production companies in Italy and their relationship with the entire financial system. Around 1,600 interviews were held with the business owners, CEOs and CFOs of companies in the industry, services and trade sectors.

Customer satisfaction surveys in Italy



Agent satisfaction was up (3.47 on a scale of 0 to 5), also increasing the gap with the market, which in 2020 appreciated in particular the competitiveness of UnipolSai's MV rates compared with the market, the efficiency and simplicity of the support and IT systems, the quality, efficiency and availability of the underwriting offices.

Complaints management

During 2020, a total of 20,525 IVASS complaints were addressed to the Group's insurance companies, whilst those to UnipolSai Assicurazioni alone numbered 15,567, up 16% from the previous year. This increase is also attributable to extraordinary campaigns associated with the COVID emergency, which recorded difficulties in accessing digital services and discounts by a range of the population unaccustomed to using such tools.

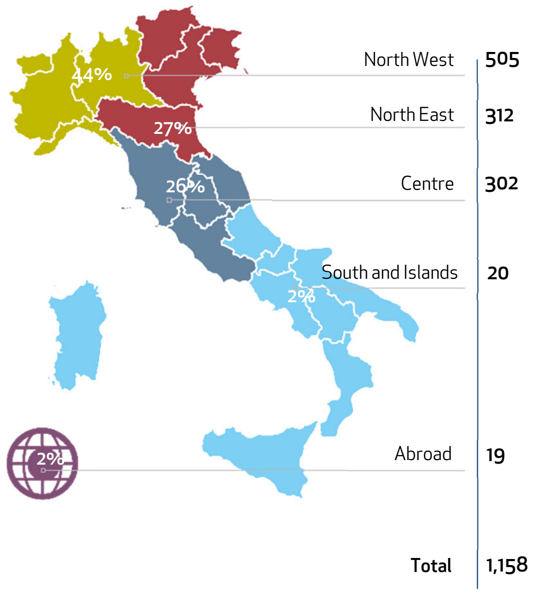
There were 0.435 complaints for every 1,000 UnipolSai contracts (0.401 in 2019), while the incidence of complaints on claims rose from 0.7% to 1.0%.

With regard to non-insurance companies, Gruppo UNA S.p.A. received 29 complaints during the year (105 in 2019) which were handled directly by the hotels (26) and the Head Office departments (3).

Suppliers

At 31 December 2020, the Group traded with roughly 8,600 companies, for total expense of €1,157m, of which 98% disbursed in Italy (excluding the foreign suppliers of the subsidiary Ddor Novi Sad). On a like-for-like basis, comparison with the previous year recorded a 15% decrease.
The main expense items include the miscellaneous services, property management, IT support services and types of purchase typical of the diversified companies (due in particular to the acquisition of UnipolRental).
Apart from a number of exceptions of limited significance overall, the Group procurement chain, which does not purchase raw materials or delivery physical goods to customers, is not particularly complex.
Relationships with suppliers are governed by the Code of Ethics, the Charter of Values, the OMM, the Code of Conduct and internal policies inspired by ethics, fairness and transparency.
The details of this approach are presented in the "The monitoring of social, environmental and governance risks" section.
Consolidating this approach in 2020 was the **#unamanoaifornitori** initiative to increase liquidity through 30-day payments, given the importance that prompt payments have in particular for SMEs, thereby strengthening continuity and quality in the relations with suppliers.

Value disbursed to suppliers by area €m*

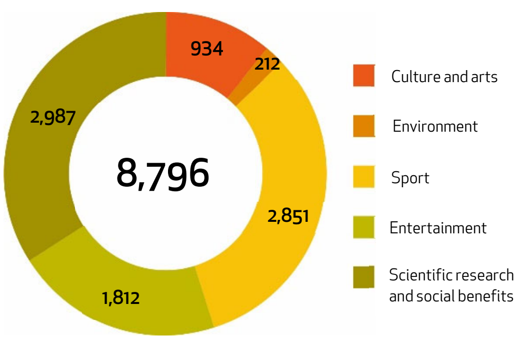


* The graph does not include Ddor Novi Sad whose total expense came to €12.5m

Community

Contributions to the community by area*

(Amounts in €k)



Against the instability and social polarisation that characterised 2020, the Unipol Group continued to contribute to the development and implementation of cultural, artistic heritage and environmental protection, social benefit, scientific research support, sport and entertainment projects.
In 2020, in addition to the extraordinary initiatives already mentioned as healthcare support for the regions hardest hit by the health emergency, the contribution to the community totalled **€8.8m**, up by 10% on the previous year. As well as non-repayable grants, the Corporate Sponsorship Program also aimed to promote social inclusion through activities and initiatives focusing on empowering the new generations, especially through sport.

* Excludes the contribution of €1.5m to the Unipolis Foundation. A report on the activities of Unipolis Foundation is published in the Mission Report, available on the website www.fondazioneunipolis.org.

For further details on Social and Relational Capital, please refer to the "Appendix - Unipol in numbers"

Natural Capital

TCFD

With the "Guidelines for responsible investment activities"[15], the Group expresses its commitment to decarbonising its investment property portfolio, in line with the commitments undertaken in the last three Strategic Plans in terms of environmental responsibility and combating climate change.

As regards the environmental impacts of the buildings, the **three-year real estate plan strategy is based on three axes:**

- **Projects (investments)**: all activities relating to new buildings or significant renovations of existing properties (properties for business use and properties for use by third parties) are characterised by the use of technologies designed to maximise energy savings, also relying on renewable energy;
- **Facility Management/maintenance of existing buildings**: the objective is to constantly improve energy efficiency through plant maintenance and upgrades (as regards properties for business use as well as those for third party use);
- the implementation and continuous consolidation of an energy management system certified in accordance with the **ISO50001 standard certification process**, which involves the commitment to annually reduce electricity and heating consumption, applied to the entire UnipolSai property assets.

For the measurement of **climate-changing emissions**, the calculation methodology adopted is that laid out in Directive EU/85 of 2003 relating to the emission trading scheme, and the international classification proposed by the GHG Protocol standard - and picked up on in the GRI Standards - in Scope 1, Scope 2 and Scope 3.
The gradual closure of all operating centres in Italy from March onwards, as the COVID-19 health emergency worsened, led to a major decrease in consumption and, consequently, in emissions.

Since 2015, electricity supply contracts signed envisage that **100% of power supplied in Italy is from renewable sources**.
The data relating to the scope of the ISO Certification, which includes the headquarters, properties for third party use and properties for settlement activities ("CLG" or Group Settlement Centres), show a total annual reduction in consumption of 12% for 2020.

As regards additional environmental impacts, the use of the **water resource** is primarily linked to hygienic uses, irrigation and, in limited cases, also for technological purposes in air conditioning systems. For hygienic uses, the water comes from the mains system or other water service management companies, whilst for irrigation it also comes from springs or waterways.

For **waste** management, the Group is following the directives of the various Municipalities for collection and disposal, as a result adjusting processes and procedures and proceeding where possible with its recovery or regeneration; in 2020, the waste paper recycling services were optimised with the use of IT platforms to organise waste collection. As regards waste toner and other hazardous waste (neon tubes, batteries, etc.), these are disposed of separately in the appropriate manner, in accordance with regulations in force, through specialised firms and in line with the rules on compulsory record keeping. In 2020, a volume of 33,000 pieces was purchased (toner cartridges and image devices), of which 9% certified as remanufactured.
The document dematerialisation policies, with over 4 million policies signed by AdES (advanced electronic signature), have avoided emissions amounting to 75 tonnes of CO_2 eq.

In relation to logistics and transport, implementation of the new operating model continued for the management of shipments from the central warehouse to the agency network. Control of the processes achieved an annual decrease of around 50,000 shipments compared to the previous operating model.

[15] Attached to the Group Investment Policy

Management of environmental impacts

DIRECT IMPACTS

Energy

TOTAL EMISSIONS* (from property)
17,542 t CO_2 eq (market-based)
37,829 t CO_2 eq (location-based vs **48,648 t CO_2 eq** in 2019)

Gas | Diesel | LPG | District heating and cooling | Electricity

Direct emissions (Scope 1)
8,395 t CO2 eq (vs **9,980 t CO2 eq** in 2019)

Emissions from purchase of energy (Scope 2)
9,148 t CO2 eq (market based)
29,434 t CO2 eq (location based vs **38,668 t CO2 eq** in 2019)

Performance monitoring is performed according to the market-based and location-based approaches for indirect emissions (Scope 2): according to the location-based approach and on a like-for-like basis compared to 2019, there was an overall reduction in CO2 emissions of 23.3%, reaching a value of 3.2 t CO2 per employee (3.94 t CO2 in 2019).

Water

TOTAL WATER CONSUMPTION: 1,157 thousand m^3
(of which 843 thousand m^3 for civil use and 314 thousand m^3 for irrigation)

Insurance business
262 thousand m^3

Hotel business
446 thousand m^3

Agricultural business
9 thousand m^3 (civil use)
314 thousand m^3 (irrigation)

Tourism business
56 thousand m^3

The water drawn for irrigation as reported here comes from springs or waterways. In addition, **70 thousand m^3** in water consumption recorded was attributable to the Healthcare sector.

Waste

413.963 Tonnes of waste generated in Italy
(54.2 t/employee) of which 99% non-hazardous and 91% recycled

Insurance business
413,493 t of waste: 4,619 t hazardous; 408,874 t non-hazardous, of which 372,338 t recycled

Hotel business
109 t of waste: 11 t hazardous; 98 t non-hazardous, of which 42 t recycled

Tourism business
281 t of waste: 136 t hazardous; 145 t non-hazardous, of which 105 t recycled

The other sectors, agricultural and healthcare, generated a total of 80 tonnes of waste.

*With reference to the companies operating in Italy, the source of the conversion factors, emission factors (relating to CO2, CH4 and N2O gases) and the global warming potential (GWP) is the guideline on the bank application of GRI Standards regarding environmental matters (Version of December 2020), drawn up by ABI (Italian Banking Association). Specifically with reference to emissions from the purchase of energy (Scope 2) of the companies operating in Serbia and Ireland, the emissions factor corresponding to the energy mix of the respective countries was used; the emissions factors applied derive from the International Energy Agency (IEA) (CO2 Emissions from Fuel Combustion document).
The scope of interest compared to the 2019 reporting period was expanded further, to include the foreign offices of Unipol Re DAC and the operating sites of Unipol Rental, acquired by UnipolSai during the second half of 2019.
For 2020, the consumption of electricity, gas and other energy sources is calculated for all other buildings over which Unipol has direct control, from the operating sites to the diversified companies, such as Tenute del Cerro and Marina di Loano, also including the properties in which Gruppo UNA carries out its activities and the offices abroad, except for Arca Vita International Dac, Sogeint Srl, UniAssiTeam Srl.

Unipol is constantly committed to improving the measurement and reporting of its indirect emissions (Scope 3). In addition to those generated by employee travel and transfers, by customers' travel with electronic devices and the investments portfolio, already calculated previously, in 2020 those generated by the NLT vehicles of UnipolRental were also analysed. To better understand the impacts of the pandemic on emission trends, those associated with **homeworking by employees** were estimated.

INDIRECT IMPACTS *

Customer

Support and promotion of green economy through specific products and investments.

5,759,805 t CO2 eq
generated by customers travel with electronic devices (vs. 7,478,795 tonnes of CO2 eq in 2019)

354,120 t CO2 eq
generated by NLT vehicles of Unipol Rental

Climate impacts of the investment portfolio
3,784,436 t CO2 eq
Total induced emissions (Scopes 1, 2 and 3)

23% of Non-Life products in the catalogue are climate change-related

Supplier

Research and engagement of suppliers that produce low environmental impact products and services.

Dematerialisation
33% reduction in annual paper consumption in 2020 by 520,000 reams of 100% recycled paper certified Cradle to Cradle®, Blue Angel, EU Ecolabel

Green Procurement
- 100% of IT equipment certified green;
- 21% of goods purchased from the multi-catalogue are green, equal to over 7,200 goods and 33% of spending.

In the Hotel sector:
- 1.3% of suppliers are Green product suppliers
- Incidence of green spending on the total: 7.8%

The purchase only of recycled paper led to a decrease in the consumption of water (-83%), energy (-72%), wood (-100%) and CO2 (-53%) compared to the purchase of the same quantity of white paper (Source: Ifeu Heidelberg GmbH 2010)

Agents and Employees

Mapping of virtuous conduct in Agencies and Optimisation of employee mobility through the Home-to-Work Travel Plan (PSCL) to reduce impacts from transport

Sustainable Agencies with Legambiente
The pilot project involves 11 Agencies in a path to certification of its virtuous energy conduct.
The first 4 "sustainable agencies" certified by Legambiente.

CO_2 Mobility Employees
947 t CO2 eq
generated by employee travel and transfers by trains and by flights (4,313 t CO2 eq in 2019).

CO_2 Homeworking Employees
12,829 t CO2 eq
according to the method described by the "Homeworking emissions whitepaper" prepared in November 2020 by EcoAct, Lloyds Banking Group

* with reference to Scope 3 emissions deriving from employee and customer mobility, the 2020 DEFRA (UK Department for Environment, Food & Rural Affairs) coefficients were used for motor vehicles, and UK Government GHG Conversion Factors for Company Reporting (2020) for flights and trains.

For further details on Natural Capital, please refer to the "Appendix - Unipol in numbers"

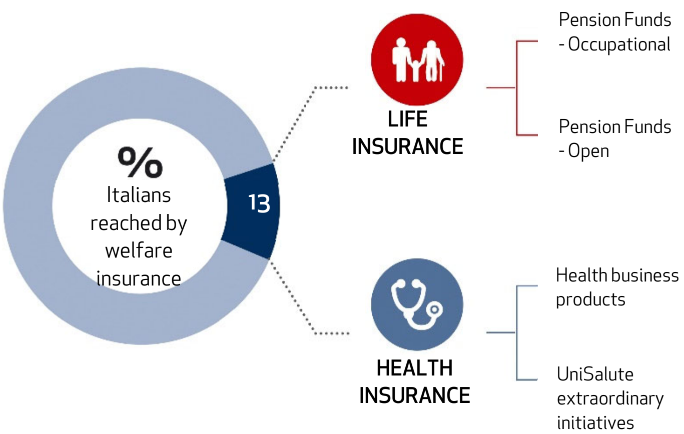
Shared value: the impacts generated by the Unipol Group

NFS

Satisfaction of security and social well-being requirements

In relation to public healthcare and welfare, the Group continues its development of an increasingly integrated offer of Welfare and Life products and enhanced by services, particularly those regarding prevention.

Percentage welfare insurance among Italians



In 2020, Unipol's role as central player in the process of integrating public and private welfare emerged strongly. The welfare insurance (Health and Life) of the Group reached **13% of Italians** (from 11.3% in 2019), also thanks to the #AndràTuttoBenefree product offered free of charge to UnipolSai customers in relation to the COVID-19 emergency.
The responses defined for the pandemic necessarily gave precedence to remote solutions. UniSalute established a remote Coronavirus medical advice service and a specialist service to compensate the suspension of most of the specialist medical visits at Italian national healthcare facilities.
This accelerated the practical implementation of innovative prevention, assumption and customer care models, also through the **IoT and Telemedicine**, in which the Group is investing strongly to increase accessibility to its services.

The healthcare challenges linked to the COVID-19 emergency saw significant intervention from the Unipol Group which, from 8 March, decided to extend recognition of the daily indemnities, free of charge, also in cases where policyholders were forced into quarantine in their own homes after testing positive for COVID-19.

Thanks to the initiatives #AndràTuttoBenefree and #AndràTuttoBenePremium, for individuals, and #AndràTuttoBenePMI, designed by UnipolSai for businesses wishing to guarantee protection for employees and their families, the Group offered its support to almost **5 million individuals** if COVID-19 positive.

Through the #UniSalutePerTe initiative, UnipolSai gave its 10 million customers a UniSalute healthcare policy to cover the potential consequences of COVID-19.

With regard to services, the COVID Test Card was launched, which at the cost of €9 allows serology and swab tests to be booked at preferential rates.
In 2020, over 418,000 SiSalute Cards were sold, with which customers can arrange medical visits and exams and access physiotherapy services at discounted rates at affiliated medical facilities (the total was 35,000 in 2019, the year the service was launched).

In the supplementary pensions sector, the Unipol Group retains an absolute leadership position, at 31 December 2020 funds under management totalled €4,012m and 21 Occupational Pension Fund mandates (of which 17 mandates for accounts "with guaranteed capital and/or minimum return") and assets under management for a total of €914m with 41,427 subscribers to Open Pension Funds, as described in greater detail in the "Unipol Group Performance" section.
The "**Bilanciato Etico**" segment, one of the seven segments of the UnipolSai Previdenza Open Pension Fund, invests its €65.4m in assets in a diversified portfolio primarily of bonds and, marginally, equity instruments in the Eurozone which are fully managed according to ESG criteria.
To complete the Life business product offer, the Group has marketed its insurance Multi-segment Investment proposal "**MixSostenibile**" (with premiums of around €46m at 31/12/2020).

In terms of specialist consulting, the Group has continued to invest in the inclusion of Family Welfare Specialists in the UnipolSai Agencies: these specialists, dedicated to advising households on the Individual Life and General Class Individuals (Accident, Health, professional non-life general classes) services, numbered 908 at the end of 2020 (+135 on 2019).

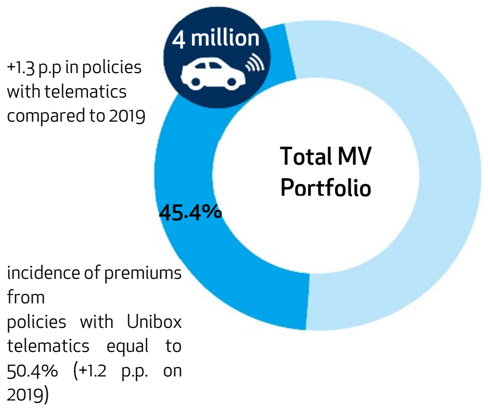
The Group is responding to safety needs also through new property protection services, for the home (home automation) and for Commerce and Business, investing in the integration of insurance, home automation and service. In 2020, it sold over 11,200 policies (in line with 2019) with telematic devices to protect homes from the risk of theft or to respond rapidly if smoke, flooding and gas leaks are detected.
With regard to business customers of the Group, please refer to the section "Contribution to the growth of the country, supporting SME development and increasing insurance knowledge".

Support in the transition towards more efficient, safe and sustainable mobility

TCFD

Through its 9.6 million MV policies, the Unipol Group can create a significant impact in the development of a more connected and sustainable mobility, developing increasingly new responses as the context and needs evolve, driven by technological innovation, focus on the environment, new working methods and new consumer habits, also dictated by the pandemic.
In 2020, the Group expanded its proposal for the MV segment through its presence on, among others, the Long-Term Rental market and the acquisition of an online platform for used car sales which will allow Unipol to complete its proposal, promoting the circular economy.

Incidence of policies with Unibox telematics on the UnipolSai MV portfolio



In the Unipol approach, safer mobility comes first and foremost through services linked to **telematics** through Unibox devices installed in the vehicles which, aside from more rapid and effective claim management, automatically send assistance and emergency responders when required, thanks to geolocation and automatic data capture, which makes it possible to rapidly identify the potential severity of accidents to send the most appropriate responders.

The technology also offers new prevention and protection solutions, such as assistance services and dangerous driving alerts.

As a result of information available on mobility (data from electronic devices and from claims, all in anonymous format), in partnership with local institutions and universities, Unipol has undertaken research to identify opportunities for the development of more sustainable mobility (e.g., to support the use of electric cars and expand bike sharing services), taking into account the changes in habits caused by COVID-19.

The #UnMesePerTe initiative of UnipolSai Assicurazioni, with the disbursement of a bonus equal to one twelfth of the premium paid to all customers with a single MV TPL policy in force at 10 April 2020, led to disbursement of a gross average of around €35 for more than 3.5m vouchers used.
Arca Assicurazioni and Linear also offered rate incentives and applied discounts that took into account the particular mobility conditions in 2020.

Contribution to the growth of the country, supporting SME development and increasing insurance knowledge

TCFD

To meet the needs of client companies, mostly SMEs, the Group offer is increasingly integrated with services and conditions which, on one hand, promote and support prevention, understood as an approach which facilitates the continuation of conditions of insurability of the individual players and overall sustainability for the Company, and on the other hand facilitate the recovery of economic activity in the case of a claim compromising it, recognising this as a key element for the competitiveness of the players involved.
The SME segment collected 10.6% of the total UnipolSai Non-Life premiums (i.e. 27% of Non-Life Non-MV premiums), equal to over €700m.

The development of products, guarantees and services is designed to protect businesses against risks which have become a priority among the worries of businesses and the system as a whole, and are arising more frequently, such as those associated with climate change, cyber risk and - particularly in 2020 - health protection.

As regards climate change, added to the products and guarantees to mitigate economic consequences (such as the “organic special” indemnity that over-calculates the indemnity due to agricultural businesses involved in such production against weather-related claims), and those supporting effective Disaster Recovery, are the prevention services and tools. Among these is the CRAM Tool, a climate risk self-assessment tool designed to help Italian SMEs to overcome extreme climate and weather events, which at the end of 2020 had been used by 7,000 businesses (+1,000 compared to 2019).

In a year of enormous acceleration of digitalisation processes, the “Cyber Risk” guarantee applying to various products targeting businesses and commercial activities recorded a 24% increase in premiums compared to 2019, offering real intervention and indemnities for a wide range of cases, such as the indemnity for expense incurred to resolve software malfunctions and restore records damaged by a cyber attack, and the indemnity for removing information from the Internet that is damaging to reputation or for unlawful use of data in the event of records hacking.

As regards **Health protection**, the focus was on SMEs and professional firms, entities which have an average of 2.5 employees and for which obtaining regional authorisations for individual return-to-work protocols proves more complex. In partnership with SiSalute, UniSalute developed the initiative #SicuriRipartiamo: a portal with services dedicated to businesses, allowing employers to re-open business activities safely and reduce the risk of spreading COVID-19, protecting workers’ health, in support of and partnership with the public health service. In the area dedicated to companies, a summary of national protocols is available, updated in real time, as used in the DPCMs (Prime Minister’s Decrees), explanatory charts, FAQs and highly useful video tutorials. The package also contains services dedicated to workers such as serological tests, swab tests, telemedicine, specialist video consultation and home delivery of medicines. The protocol was welcomed by most of the trade associations (Traders, Craftsmen, Professionals, etc.).

As regards the **Non-MV segment dedicated to SMEs**, with a view to supporting the health emergency, a variety of initiatives were launched, including the extension (as part of the Income Protection guarantee) of COVID-19 coverage in the event of illness and interruption of business in the Impresa&Servizi, Commercio&Servizi and Agricoltura&Servizi products. The PIÙ3 campaign instead envisaged the activation of a new contract - of a minimum 15-month duration - with the first 3 months’ premiums free for the customer. This initiative, available on the Commercio&Servizi, Impresa&Servizi, Alberghi&Servizi, Agricoltura&Servizi and Infortuni Premium 2.0 products, was chosen by customers representing 20.3% of existing policies.

The insurance solution for **Third Sector** entities, which offers a high degree of personalisation based on the different economic and social purposes of the entities concerned, provided a suitable response to the special demands for protection that characterised 2020. At the end of 2020, the UnipolSai Terzo Settore policy had premiums totalling €3.4m (€2.7m in 2019).

The Business Specialists, which in the UnipolSai Agencies are responsible for advice to companies and professionals, number 777 (+128 compared to 2019).

Support to the realisation of the 2030 Agenda and contribution to combating the climate emergency

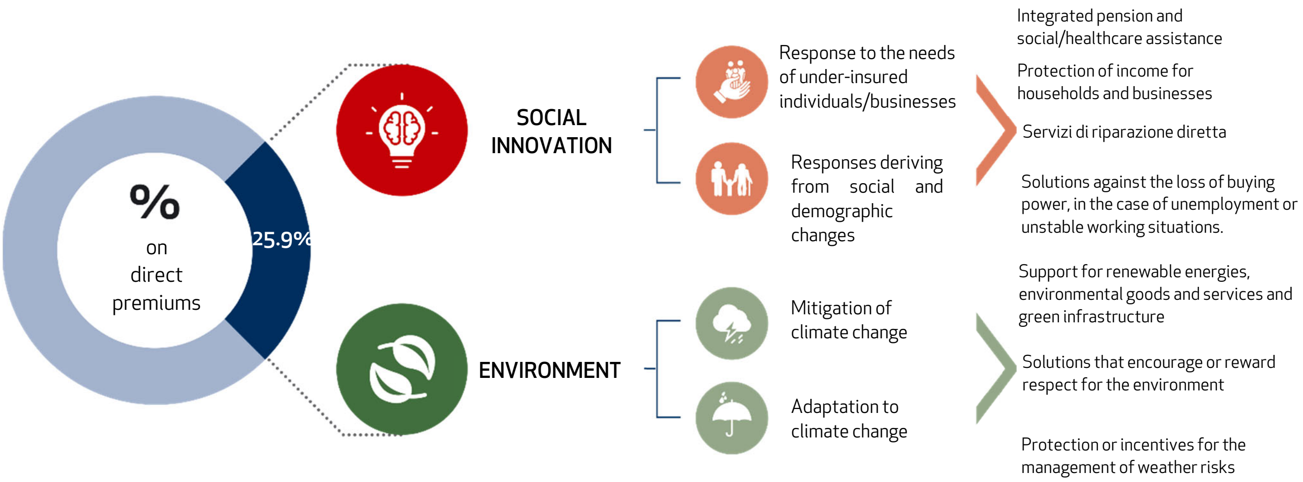
TCFD

In addition to contributing to SDGs 3, 8 and 11 as described previously, Unipol contributes to implementing the 2030 Agenda as a whole. A particular focus is on the goals of combating the climate emergency, a priority and urgent topic on which the Group can intervene through its decisions in terms of insurance and investments.

Products and services with social and environmental value

In 2020, Unipol earned premiums for €2,478m with solutions that integrate economic growth and social and environmental value, reaching 25.9%[16], up slightly on the 25.5% of 2019. 95% of these premiums referred to the Non-Life business, where they represent almost 30% of direct premiums (with a 1 p.p. increase compared to the previous year).
The limited increase is due in particular to the special circumstances of 2020. On the one hand, the focus for individuals and businesses was on health risks, and in this area the Group developed a significant proposal, with many guarantees extended free of charge. On the other, many products designed to protect against emerging risks were perceived as less urgent by customers.
To be classified as a "solution of social and environmental value", a product or service must be capable of responding to social requirements by improving people's lives, having a positive environmental impact or responding to climate concerns.

The impact of products and services with social and environmental value



To ensure greater granularity, this representation does not include premiums relating to telematic devices. The impacts of black boxes, as also highlighted in the previous chapters, regard both social aspects (in terms of security and combatting fraud) and environmental ones (promotion of sustainable behaviours through mileage based rates).

The impacts of climate change on the insurance business

After a 2019 characterised by a significant incidence of adverse weather events, linked in particular to the hail storms that summer, 2020 was affected to a lesser extent by weather-related claims, which were even for lower values on average. Consequently, there was less recourse to the reinsurance structures dedicated to insurance of natural events. There were more UnipolSai claims for significant amounts, though not linked to natural events, than in 2019, but they did not give rise to reinsurance recoveries in excess of loss, as the priorities envisaged in the treaties were not exceeded.
At 31 December 2020, the combined ratio net of reinsurance was 87.2%, positively affected by travel restrictions imposed by the Government to mitigate the spread of the COVID-19 pandemic (94.2% in 2019). It includes 6.6% linked to serious weather events and major claims, up compared to 2019 (when it was 5.5%) due to the lower reinsurance recoveries in excess of loss.

To overcome the potential increase in technical risk due to the greater frequency and severity of claims due to climate change, Unipol launched the "Atmospheric Events" Project, intended to equip the Group with tools (capital and pricing models, additional alert and prevention systems, new reinsurance cover) capable of supporting the development of products and the underwriting process in a market characterised by increasing demand. The initiatives in this respect include:

- usage, when appropriate, of the **Copernicus Satellite Data** for geolocation and mapping of flood events, allowing the identification of areas left flooded and, consequently, the potential damage incurred;
- development of the **European Extreme Events Climate Index (E3CI)**, the first index in Europe for monitoring and managing the impact of extreme weather events;
- implementation of the **Lorentz Advanced Weather Data Collection Tool**, which allows the settlement structures to optimise the management of claims caused by weather events, highlighting the location and intensity of the precipitation that generated them.

[16] For more significance, the percentage is calculated on the total of direct premiums for Non-Life products and on premiums relating to the corresponding product families for Life products.

As regards the mitigation of climate change, note the products targeting sectors that encourage transition to a low-emissions economy, such as the "Energia Sole" product for companies generating energy from renewable sources, or products that reward virtuous conduct, such as the KM Servizi and KM Sicuri rates. The latter, through the "Pay as you drive" mechanism, envisage a reduction in premiums based on use of the vehicle, reducing the risk of an accident occurring by at the same time pursuing the objective of mitigating climate change due to lower pollution.
From an initial application of the classification model, among the Non-Life business policies the percentage of premiums attributable to corporate or SME customers whose business activities are in the sectors covered by the EU Taxonomy[17] was 14%.

Insurance skills to support system resilience

2020 saw the launch of the **LIFE ADA** Project (ADaptation in Agriculture), co-financed by the European Union as part of the LIFE programme, which aims to increase the agricultural sector's resilience to climate change. The project aims to transfer knowledge to the farmers on climate scenarios and on risk management and adaptation measures, to improve their capacity to overcome the current and future climate risks. ADA promotes an innovative approach by insurance to support the capacity to limit current and future climate risk, in order for farmers to remain insurable in the long term, despite the increase in catastrophic and systemic risks.
Life ADA, which will continue until December 2023, will involve UnipolSai as leader with partners such as ARPAE Emilia-Romagna, Cia-Agricoltori Italiani, CREA Politiche e Bioeconomia, Festambiente, Legacoop Agroalimentare Nord Italia, Leithà and the Emilia-Romagna Region. The project will initially be implemented in Emilia-Romagna and later replicated in Veneto, Tuscany and Lazio, for a total of 6,000 individual farmers involved in the selected regions and 15,000 farmers at national level. The project beneficiaries are individual farmers and aggregate farming formats (OPIs and cooperatives) in three production chains: dairy (Parmigiano Reggiano), wine, fruit and vegetables.

In 2020, Unipol continued to be committed to the **LIFE DERRIS** project, a public-private partnership with which the Group has implemented a consolidated process for the engagement of SMEs (UnipolSai customers and others), the public administration (Municipalities and Regions), representative organisations (Chambers of Commerce and trade associations) and civil society on the risks linked to climate change and possible prevention and risk management interventions for companies. In 2020, a partnership began in Legambiente Emilia-Romagna to increase the awareness of all regional players through the organisation of online meetings in the area and the collaboration in the publication of a dossier "Il Clima ci riguarda: rischi futuri in Emilia Romagna" (Climate is our concern: future risks in Emilia-Romagna). With CINEAS, the guidelines on preventing climate risks - an operational document targeting SMEs - were finalised.

The climate impact of the investment portfolio

Investment activities are a fundamental area for oversight and intervention for a financial sector company, both with a view to reducing the impacts on climate of its portfolio and to support the economic system in the transition towards a low-carbon emission economy.
The Unipol Group is fully committed to contributing to the achievement of the 2015 Paris Agreement objectives[18]. For this reason, in 2020 it continued the process of measuring the Carbon Footprint and the future alignment with the objectives of the Paris Agreement (Climate alignment) of its financial portfolio, in order to manage and monitor the alignment of its investment model with global climate change mitigation targets. The measurement was performed with the support of Carbon4 Finance[19].

Amongst the multiple metrics subject to analysis, the main ones are addressed in this Report[20]:

- Intensity of induced emissions (Scope 1, Scope 2 and Scope 3), measured for Corporate Shares and Bonds in tCO_2e/M€ enterprise value and for Government Bonds in tCO_2e/M€ GDP;
- *Climate Alignment, or the contribution of the activities of issuing companies and countries to global warming, expressed in temperature, so as to highlight the portfolio's forward-looking alignment with international climate objectives. For each*

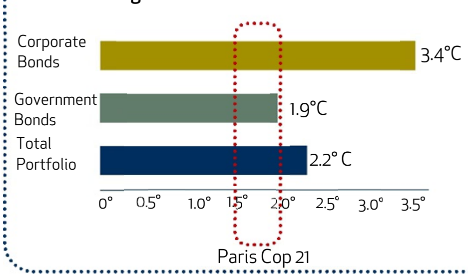
[17] To analyse the business sectors present in the insurance portfolio based on the Taxonomy guidelines, the ATECO codes were identified that correspond to the NACE codes indicated in the Taxonomy as activities contributing to the mitigation of and/or adaptation to climate change, where possible using the more precise NACE code (level 4). However, in the absence of available data on compliance by the companies in the portfolio with technical criteria defined in the technical annex to the final report on the taxonomy (particularly in terms of thresholds), it was not possible to identify from the ATECO codes the policyholders that fulfil the criteria of substantial contribution to sustainability as defined in the technical annex for each business activity. In addition, it should be emphasised that, in this first analysis, the business activities that cannot be screened for a substantial contribution to none of the six environmental goals, such as environment-neutral activities (schools, hospitals, public administration services, etc.), but which could be considered potentially eligible for non-life insurance in the business sectors considered by the taxonomy, were not taken into consideration.
[18] The Paris Agreement is an agreement between the member states of the United Nations Framework Convention on Climate Change (UNFCCC); the long-term objective is to limit the increase in the average global temperature to well below the threshold of 2 °C over pre-industrial levels, and to continue efforts to limit that increase to 1.5 °C, since this would substantially cut the risks and effects of climate change.
[19] Carbon4 Finance belongs to the Carbon 4 group, a leading independent consulting firm specialised in low carbon strategies and adaptation to climate change. Carbon4 Finance is the spin-off company focusing on providing climate data solutions to investors and credit institutions.
[20] Details on the methodologies used and detailed results are provided in the 2020 Sustainability Report of the UnipolSai Group and on the website www.unipol.it

issuer, this figure is the integrated result of a quantitative assessment relating to induced emissions and a qualitative assessment relating, for example, to climate strategy and targets defined by the issuers.

With regard to induced emissions, the 2020 figure decreased strongly compared to the previous year for corporate portfolio emissions (-57%), following the exclusion of businesses linked to mining and the generation of electricity from thermal carbon based on the "Guidelines for sustainable investment activities" approved in December 2019, and the focusing of investments in companies that have implemented a transition process that is already showing tangible results. There is also a considerable reduction for total induced emissions (-19%), whilst the induced emissions figure for government issuers has remained essentially stable.

As regards the Climate Alignment, using the objectives of the Paris Agreement[21] as the point of reference and projecting the CO_2 emissions of the Group's total portfolio at 2030, on the basis of the national contribution determined for each country and given the current asset allocation and selection of issuers, the Climate Alignment is 2.2°C, due to the prevalence in the Unipol portfolio of government bonds and, amongst these, of bonds issued by European countries.
A particular point of attention regards the potential contribution to warming of the corporate bond portfolio, which deteriorated compared to the 3.1 °C of 2019, also given the increasingly high level of commitment from companies in this respect (resulting in much more demanding expectations in terms of climate strategies), and which will be subject to monitoring and interventions so as to reduce the impact currently predicted.

Climate impacts of the investment portfolio



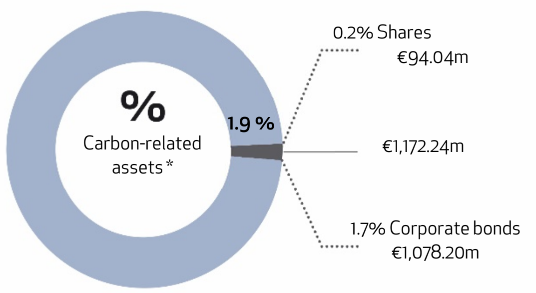
Intensity of induced emissions

Corporate Bonds	68.63 tCO2/M€ invested
Government Bonds	90.79 tCO2/M€ debt purchased
Total Portfolio	75.52 tCO2/M€ total invested

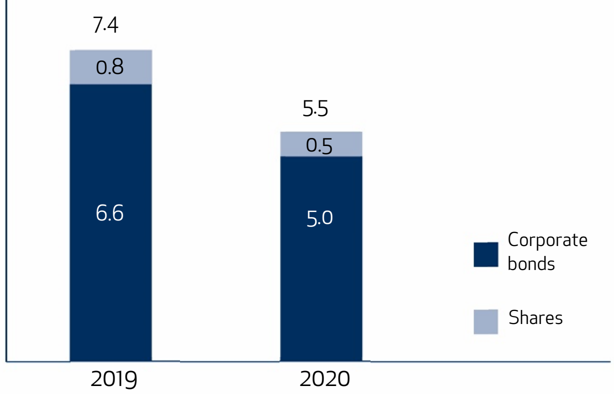
The Group has calculated how much of its investments involves "carbon-related" assets[22]. Their percentage impact on the corporate portfolio reduced significantly in 2020.
Analysis of the sector-based exposure shows 4.6% of Assets Under Management are in the sectors defined as *high-carbon*, according to the NACE classification[23]. The "Appendix - Unipol in Numbers" provides a breakdown of assets under management by business sector, an important overview for constantly monitoring the economic exposure to sectors with the strongest impacts on climate change and orienting decisions towards companies that have undertaken a transition process.

[21] The long-term objective of the 2015 Paris Agreement is to limit the rise in the global average temperature to below 2 °C over the pre-industrial levels, and to continue efforts to limit this increase to 1.5 °C. To have a point of reference with respect to the current global situation, the Intergovernmental Panel on Climate Change (IPCC) has estimated that, if emissions continue to rise at current rates, the temperature increase could reach 4°C above pre-industrial levels in 2100 (RCP 8.5); if instead only limited containment actions are implemented, with the increase in emissions until 2080 and then their reduction (RCP 6.0), the increase could exceed 3°C.
[22] "Carbon-related" assets refer (according to the definition provided by the TCFD Recommendations) to those linked to the Energy and Utilities sectors (according to the Global Industry Classification Standard - GICS sector classification), excluding Water Utilities, Independent Energy Producers (PPI) and Renewable Energy Producers.
[23] A - Agriculture, forestry and fishing; B - Mining; C - Manufacturing; D - Electricity, gas, steam and air conditioning supply; E - Water supply, sewers, waste treatment and clean-up; F - Construction; H - Transport and Storage.

"Carbon-related" assets on total portfolio



Percentage impact on Corporate portfolio



* The percentage refers to the total securities portfolio of the Unipol Group at 30 September 2020.

Investment decisions for SDGs and combatting climate change.

Unipol has a structure dedicated to the implementation and management of **alternative investments**, such as *private equity, real assets and hedge funds*, selected after specific due diligence which, in addition to traditional financial analysis, involves further study of the social, environmental and governance criteria and the mapping of sustainability risks that could have an impact on reputation.

Investments with these characteristics **grew overall by 58% in 2020**, and those for combatting climate change by 19%; therefore, the target stated in the Strategic Plan of €600m invested in support of the 2030 Agenda by the end of 2021 has been reached and surpassed. In the table below, the investments are classified on the basis of their positive impact on the different SDGs.

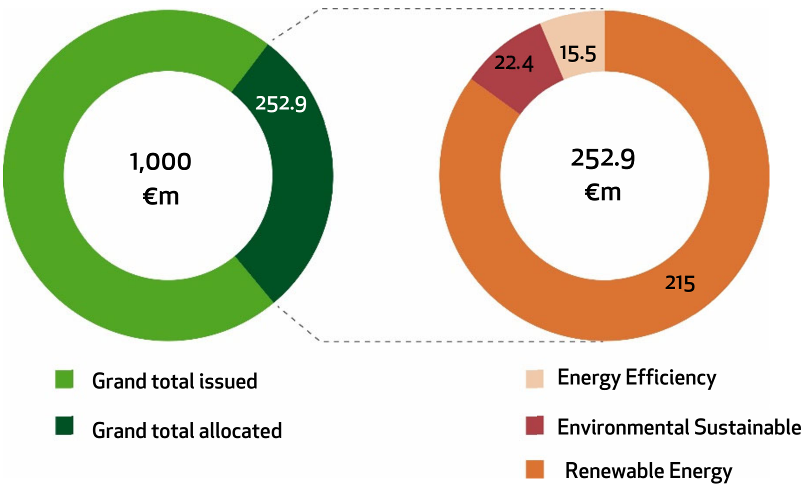
Thematic and impact investments

Issues	Value €m	SDGs
Renewable energy, eco-efficiency	325.8	7, 13
Sustainable mobility	48.4	11
Digital networks and Infrastructures	137.4	9
Sustainable forest management	30.1	15

Issues	Value €m	SDGs
Residential care and social assistance	33.8	3
Sustainable Consumption and Production	13.1	12
Social housing	2.7	11
Training and culture	7	4
Water	11.1	6
TOTAL €609.4m		

In 2020, Unipol prepared the **Green Bond Framework** of the Group, drafted in accordance with the "Green Bond Principles" published by the International Capital Market Association (ICMA), to define its methods for operating in the Green Bond market. The Framework was subjected to a Second Party Opinion issued by Sustainalytics.
In September, Unipol Gruppo issues its first Green Bond, a bond loan - senior, unsecured and unsubordinated, non-convertible - for a nominal total of €750m, compliant with the Green Bond Framework and maturing on 23 September 2030. The bond met with strong interest from investors, with demand exceeding the amount issued by more than four times.
In November, Unipol Gruppo then issued a second green bond loan for a nominal total of €250m, bringing the Group's green issues to a **total value of €1bn.**

Green Bond issue and allocation by category



Within the first twelve months of issue, Unipol will produce a report, certified by a third party, which will illustrate the accurate allocation of the income and its impacts. At 31 December 2020, the income allocated to the refinancing or financing of projects consistent with the criteria defined in the Green Bond Framework totalled over €250m.

Strengthening of reputation

The Reputation Management programme of Unipol, launched in 2014, evolved to the point of formalising, in January 2020, an **integrated governance model** which clearly identifies the processes to be implemented and the parties involved, with a view to even further increasing the efficiency of the management of the Group's reputation and reputational risk.

The proactive management of reputational risk hinges on the prompt reporting of any signs of risk linked to the company's values and core business, which can find space in the media, including social media, or within day-to-day operations.

Two dedicated bodies have been established:

- **The Reputation Network**, consisting of managers of the corporate areas overseeing Group relationships with all internal and external stakeholders, which has the task of guaranteeing the proactive management of reputation and reputational risk, and reputational index accountability, included within the company's incentive system (see "Remuneration system and incentives" section);
- **the Operational Reputation Management Team**, composed of the "Media Relations, Corporate Reputation and Digital PR" and "Emerging and Reputational Risk" functions, which coordinates the Reputation Management activities of the Unipol Group.

The reputational index of the Unipol Group with public opinion in Italy, measured according to the RepTrak® analysis model of The RepTrak Company, grew in 2020 to 73.6[24] (+3.9 points over 2019) on a 100-point scale. This value falls within a "strong" reputational segment. The points of strength of the Unipol reputation, in the perception of citizens, are its products and services, which are considered reliable; the prompt management of claims and the high level of customer assistance; the search for and development of technological solutions; capital strength and strong outlooks for growth.

The reputational index recorded with employees also rose significantly (reaching 83.9 – 'strong' - up 2.5 points on 2019), and with agents (89.2, in line with 2019, 'excellent') and customers (80.1 – 'excellent' - up 2.9 points on 2019).

For a detailed analysis illustrating the strategic and proactive approach to emerging and reputational risks, please refer to the "Reputational & Emerging Risk Observatory" and "Reputation Management" sections on the unipol.it website.

[24] Average for the 12 monthly readings conducted on the general public.

Positioning with analysts

The Group has received positive feedback from the opinions of financial analysts: on the Unipol share, seven buy recommendations were given, two neutral and 1 restricted, whilst for the UnipolSai share 5 neutral recommendations, 4 positive and 1 restricted were expressed.

The shares of the Group companies were present in numerous SRI index series, including FTSE4Good, STOXX, Standard Ethics and ECPI.

In 2020, UnipolSai saw its EE+ rating confirmed (outlook stable, Long Term Expected SER of EEE-) by Standard Ethics. The Group has a CDP rating of B-.

GOVERNANCE

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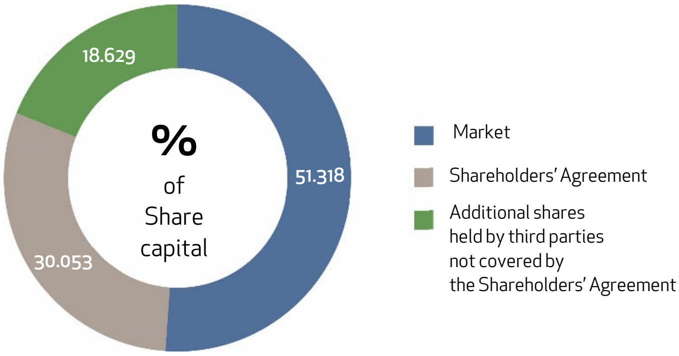
Corporate Governance

No significant changes to the Company's main shareholders occurred in 2020. The list of direct Shareholders with more than 1% of the ordinary share capital at 31 December 2020 is as follows:
- Coop Alleanza 3.0 Soc. Coop.
- Holmo S.p.A.
- Nova Coop Soc. Coop.
- Cooperare S.p.A.
- Coop Liguria Soc. Coop. di Consumo.
- Norges Bank.
- Coop Lombardia Soc. Coop.
- Unicoop Tirreno Soc. Coop.



SHAREHOLDERS' MEETING
The Shareholders' Meeting is the body that expresses the will of the company via its resolutions; the resolutions it passes in compliance with the law and the By-Laws, including the numbers abstaining or against. The Board of Directors considers the Shareholders' Meeting, even in the presence of a broad diversification of the methods for communication with Shareholders, a significant moment for fruitful dialogue between the Directors and Shareholders, also in compliance with regulations on inside information.

BOARD OF DIRECTORS

CHAIRMAN
Legally represents the Company and exercises the powers laid out in the By-Laws.

CHIEF EXECUTIVE OFFICER/ GROUP CEO
Responsible for the operating guidance of the Company and the Group, in line with the general programmatic and strategic policies defined by the Board of Directors.

Board of Statutory Auditors
Exercises supervision over observance of the law and the By-Laws, respect for the principles of proper management.

Independent auditors
PricewaterhouseCoopers S.p.A., the external auditor responsible for the legally-required audit of the accounts.

Chairman's Committee
Carries out an advisory and support role in identifying development policies and the guidelines of the Company's and the Group's strategic and operating plans.

Appointments and Corporate Governance Committee
Carries out a propositional and advisory role in the identification of the optimal composition of the Board of Directors and in the definition of the corporate governance system of the Company and the Group.

Control and Risk Committee
Provides a judgment to the Board of Directors on the definition of the guidelines of the Internal Control and Risk Management System, to ensure that the main risks facing the Company and the Group, including ESG risks and especially those linked to the climate, are correctly identified, and adequately measured, managed and monitored.

Related Party Transactions Committee
Carries out an advisory, discussion and propositional role with respect to transactions with related parties, in compliance with the provisions of current regulations.

Remuneration Committee
Carries out an investigative, propositional and advisory role regarding remuneration.

Sustainability Committee
Appointed to establish sustainability guidelines and the operational coordination necessary for fully achieving the sustainability goals. Supports the administrative body in defining the model for identifying, assessing and managing the main ESG risks, including in particular those linked to the climate.

Ethics Committee
Carries out advisory, propositional and decision-making functions relating to the content and purposes of the Group's Code of Ethics, for which it is the main manager, along with the Ethics Officer, for its promotion, proper interpretation and implementation.

For detailed information on the duties and responsibilities of the Sustainability Committee, please refer to the Report on Corporate Governance and Ownership Structures, available in the "Governance" section of the Unipol Group's website.

BOARD OF DIRECTORS

The Board of Directors is vested with the broadest powers for the ordinary and extraordinary management of the Company. Therefore, it is able to carry out all deeds, including disposals, that it deems appropriate to achieve the corporate purpose, excluding only those that the law expressly places under the responsibility of the Shareholders' Meeting.

MEMBERS OF THE BOARD OF DIRECTORS APPOINTED BY THE SHAREHOLDERS' MEETING OF 18 APRIL 2019

○	○ (a)	●
Chairman **Stefanini Pierluigi**	Vice Chairman **Dalle Rive Ernesto**	CEO / Group CEO / GM **Cimbri Carlo**

○▲	○ (a)	○▲	○▲	○▲
Balducci Gianmaria	**Cifiello*** Mario	**Datteri** Roberta	**De Luise** Patrizia	**Desiderio** Massimo

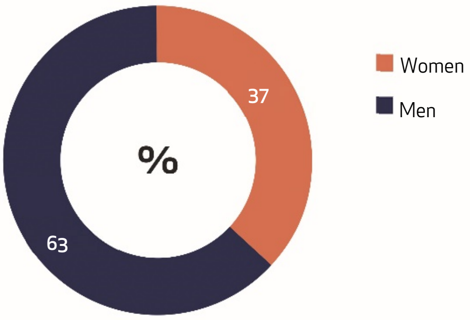
○ (a)	○▲	○□	○▲	○ (a)
Ferrè Daniele	**Gualtieri** Giuseppina	**Morara** Pier Luigi	**Mundo** Antonietta	**Pacchioni** Milo

○▲	○ (a)	○▲	○ (a)	○▲	○ (a)
Pasquariello Maria Antonietta	**Pittalis**** Roberto	**Trovò** Annamaria	**Turrini** Adriano	**Zambelli** Rossana	**Zini** Carlo

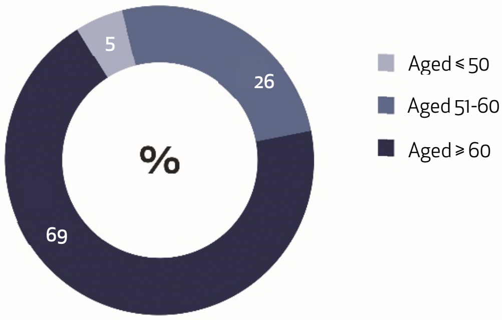
● Executive ○ Non-executive ▲ Independent, per Code and Consolidated Law on Finance (1) □ Independent solely per Consolidated Law on Finance

(1) Indicates whether the Director has been classified by the Board of Directors as independent in accordance with the criteria laid out by the Corporate Governance Code and at the same time meets the independence requirements established by Art. 148, paragraph 3 of the Consolidated Law on Finance.
(a) Director excluded, with reference to 2020, from the group of independent directors given that, taking into account the "Fit & Proper Policy" and the current shareholding structure of Unipol, all company directors that are: (i) members of the Management Committee of the shareholders' agreement that connects certain Unipol shareholders or (ii) key representatives of the Company's main shareholder, are herein not considered as independent.
(*) Appointed pursuant to Art. 2386, paragraph 1 of the Civil Code, by the Board of Directors' meeting of 1 October 2020. In office until the next Shareholders' Meeting.
(**) Appointed by the Shareholders' Meeting of 30 April 2020

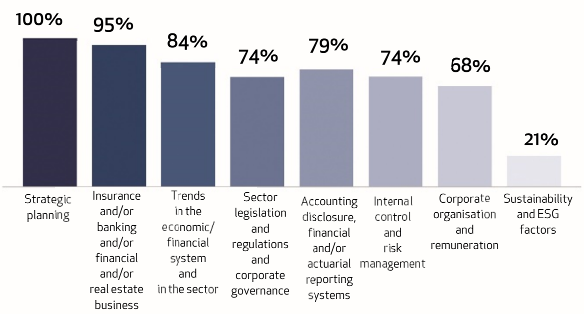
Board of Directors - Breakdown by gender



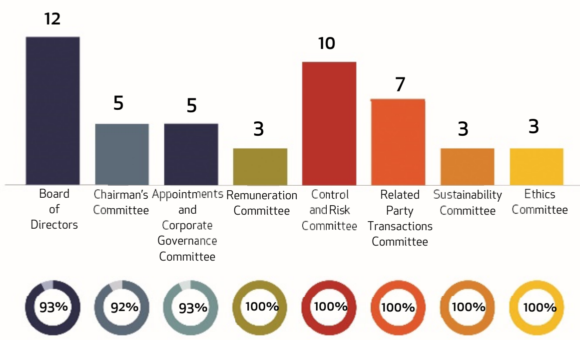
Board of Directors - Breakdown by age



Skills



Number of meetings and attendance rate



For detailed information, please refer to the Report on Corporate Governance and Ownership Structures, available in the "Governance" section of the Unipol Group's website.

Internal Control and Risk Management System

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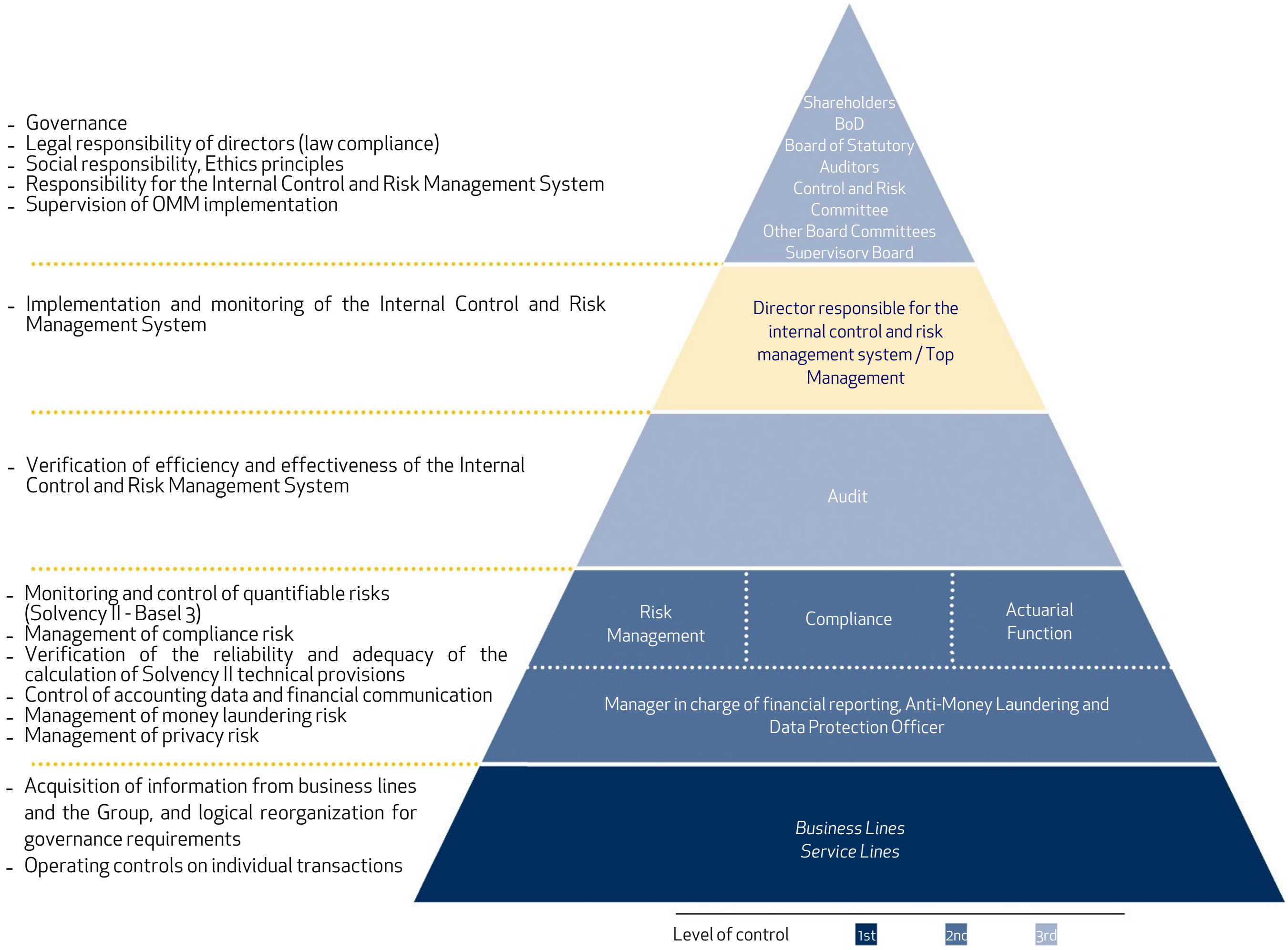
The internal control and risk management system (the "System") is a key element in the overall corporate governance system. It consists of a set of rules, procedures and organisational structures for the effective and efficient identification, measurement, management and monitoring of the main risks, with the aim of contributing to the sustainable success of the Group.[25]
The following scheme shows, in simplified form, the Group's Risk and Control Governance Model.



For a detailed description of the Internal Control and Risk Management System, please refer to the "Annual Report on Corporate Governance and Ownership Structures for 2020", available in the "Governance" section of the Unipol Group's website.

[25] The rules for the Unipol Group's internal control and risk management system are set forth in the Group Directives on the corporate governance system, approved by the Unipol Board of Directors and the boards of other consolidated Group companies, and are periodically updated.

The Risk Management System adopted by the Group is inspired by an Enterprise Risk Management logic (ERM Framework). This means it is based on the consideration, with an integrated approach, of all the current and prospective risks the Group is exposed to, assessing the impact these risks may have on the achievement of the strategic objectives. Based on these principles, and to pursue to assigned objectives, the Risk Management System relies on a key element: the Risk Appetite. In particular, the Group Risk Management Policy indicates the risk management strategies and objectives of the Group and the companies in scope. In addition, it defines the risk management process with reference to the identification, assessment, control and mitigation of risks, as are the roles and responsibilities of the company's bodies and structures involved in the process.
The identification, evaluation and monitoring of the risks are carried out on an ongoing basis to take into account changes both in the nature and size of the business and in the market context, and whether new risks arise or the existing ones change.

The active contribution of the entire organisation is fundamental to the effective implementation of the Internal Control and Risk Management System. To this end, the Company Bodies and top management of the Group companies promote, among other things, the dissemination of a culture of control which strengthens the awareness of all the corporate structures, encouraging their involvement in pursuing the business objectives and creating value.

The monitoring of environmental, social and governance risks ("ESG risks")

The control of ESG risks is ensured at general level by the system described above, with a first level of controls performed by the operating structures or as part of back office activities, to ensure the correct execution of transactions, added to which are the second-level controls of risks and compliance, performed, among others, by the Compliance and Anti-Money Laundering, Risk Management and the Actuarial Function, and the third-level controls performed by Audit, each for its own area of responsibility.

Starting from the ESG-related risk management strategies and objectives considered material to the Group, defined in the Sustainability Policy, the ESG risks were integrated into the Group ERM Framework and are included in the taxonomy of risks common to the entire Group defined in the Risk Management Policy. On that occasion, the seven most important ESG risk areas were identified: climate change, the increase in social polarisation, socio-demographic change, the technological evolution of society, the violation of human and workers' rights, environmental damage and negative impacts on the environment and conduct in violation of business integrity.
The integration process was completed in 2020 with the **inclusion of ESG risks in the Group's Risk Appetite Statement**. Adopting the "dual materiality" approach, ESG risks are managed both in the risks suffered and risks generated components. For the ESG risks suffered, identified on the basis of a focus on emerging risks in environmental, social and governance aspects, the Risk Appetite Statement refers to the framework for the assessment and monitoring of emerging risks. For the ESG risks generated, however, the Risk Appetite Statement envisages the construction and monitoring of a **dashboard dedicated to KRIs** (Key Risk Indicators), to assess the degree of risk associated with each of the three areas: environmental, social and governance. The KRIs to be monitored were identified so as to cover the various risks relating to each area, and include oversight and listening indicators in order to integrate the inside-out and outside-in visions. The monitoring of ESG risks and related results are brought to the attention of the Board of Directors at Group level at least annually.

The Unipol Group is continuing to implement scenario analysis for risks associated with climate change. As regards physical risks, a framework of specific stress tests was implemented and included in the 2019 Solvency II ORSA Report to incorporate the impacts of climate change in loss projections, considering a severe climate scenario (IPCC - RCP 8.5) over a medium/long-term projection period (2021-2050). In relation to the impact of climate change on transition risks, the Group is starting a scenario analysis on the investment portfolio, based on the scenarios outlined in the Network for Greening the Financial System (NGFS).

In 2020, the Group arranged to:

- enhance the control and monitoring systems for commitments already defined in some of the specific risk management policies (hereinafter "control");
- update and expand the commitments, where appropriate on the basis of developments in internal awareness and the external context (legislative and regulatory, market) (hereinafter "updating");
- identify new areas of integration of ESG factors as further commitments are undertaken (hereinafter "integration of ESG risks").

With reference to the control methods for ESG risks integrated into some of the specific risk management policies, the main progress made in relation to 2020 is described below (see following table).

For the application of the Policies, the Group has defined processes that envisage the involvement of Top Management (through the **Group Risks Committee**[26]) and the key functions in areas of specific expertise (through the **ESG Task Force**[27] and the **Data Ethics Task Force**[28]) for adopting decisions on the management of particularly important ESG risks, for the potential impact and size of potential transactions in which they emerge, and for the development of a joint vision on the integration, updating and adaptation of the Policies and on additional initiatives associated with the control of ESG factors.

Underwriting policies - Non-Life Business and Life Business ***2020 activities:*** • ***control*** TCFD	With reference to the sectors that present potential high exposure to ESG risks, the Underwriting Policy - Non-Life Business includes two possible approaches: • exclusion from the parties and/or risks that the Group insures, when the sectors to which potential customers belong have ESG risks that are not compatible with the Unipol Group's approach to sustainability and risk management objectives; • the initiation of an assessment process that results in a decision on whether to move forward with the commercial relationship with the potential customer, once the ESG risks connected to the methods for managing activities within a series of sensitive sectors are considered. The Underwriting Policy - Life Business identifies, in relation to investment products, specific limitations in relation to sectors whose risk of generating negative impacts on ESG factors (and the resulting reputational risk) make them incompatible with the approach to sustainability and the risk management objectives of the Unipol Group. The exclusions and the assessment process do not apply to the underwriting of products to protect the employees of legal contracting bodies in the event of illness and accident, based on the social role such insurance has for individuals. With specific reference to the control of ESG risks in the Life Business, in 2020 an assessment process was defined, set out in management and sales network operating rules that envisage an engagement process of different corporate players, in a series of steps, to manage critical or doubtful cases. In the Non-Life Business, processes and tools were adopted to control application of the Policy which during 2021 will be formalised in specific corporate documents. Investigations, involving the Sustainability Function, were carried out through in-depth verification of situations exposed, with cooperation from the company structures concerned. Overall, at the end of 2020, 8 cases were handled with the following outcomes: • **Relationships considered ineligible**: 4, as they related to sectors or activities deemed excluded from the policies (gambling; transportation of arms in war zones); • **Relationships considered eligible**: 4, as they related to sectors or activities which after full verification proved not to be excluded according to the Policies and/or as they related to the underwriting of products to protect employees of legal contracting bodies in the event of illness and accident.

[26] Composed of the Chief Executive Officer and Group CEO, Insurance Group General Manager, Group General Manager, Business Development and Corporate Communication General Manager, Administration Controlling and Operations General Manager, Chief Investment officer, Chief Risk Officer, Chief Regulation and Economic Studies Officer, Chief Strategic Planning and Organisation Officer.
[27] Composed of the departments/functions of Unipol Gruppo/UnipolSai which play a key role in understanding and managing impacts in terms of investment and underwriting: Finance Department, Real Estate Department, Chief Risk Officer, Chief Property & Casualty Officer, Chief Life and Health Officer, Chief Innovation Officer, Sustainability Function.
[28] Composed of the departments/functions of Unipol Gruppo/UnipolSai which play a key role in understanding and managing impacts in terms of personal data protection and leveraging: Chief Innovation Officer, Chief Beyond Insurance Officer, Chief Information Officer, Marketing and Commercial Communication Department and the Sustainability Function. Also involved in the Task Force in an advisory capacity are the Chief Legal Officer, Compliance and Anti-Money Laundering Function, Ethics Officer and Data Protection Officer of the Group.

Investment policy ***2020 activities:*** • *updating*[29] • *control* TCFD	The Investment Policy and in particular its appendix "Guidelines for responsible investment activities" promotes the integration of ESG factors into the decision-making processes relating to investments. In this context, among other things, the investment strategies adopted in decision-making processes relating to **financial investments** (screening based on international conventions, exclusions, thematic and impact investments) and the methods for integrating ESG factors into the decision-making processes relating to **investment property** were defined. Furthermore, with regard to financial investments: • along with the conduct-based and product-based exclusion strategies, the need to take **elements linked to ESG** into consideration when selecting companies and government issuers in which to invest was formalised; • a specific approach was defined to manage risks associated with climate change, envisaging that the Group, among others, supports the transition - through responsible investments - to a low carbon economy and performs selective exclusions (see the description of the climate strategy on page 37). The commitments relating to investment property range from an assessment of ESG aspects at investment selection stage, giving preference to urban revitalisation works in which to carefully consider the characteristics and the current and future needs of the communities affected, up to decarbonisation of the real estate portfolio with action planning to continuously improve performance. Application of the Guidelines in 2020 led to the identification of 463 issuers excluded from the Group's investable universe, of which 316 corporate issuers and 146 government issuers.
Politica di esternalizzazione e Outsourcing and supplier selection policy ***2020 activities:*** • *control*	The Outsourcing and supplier selection policy requires fair and responsible stakeholder management requirements to be evaluated within supplier selection criteria. Suppliers must make a commitment to respect the **Supplier Code of Conduct** for responsible procurement (or the "Code"), adopted at the end of 2018 and inspired by the principles of the United Nations Global Compact and ISO20400[30]. The Code outlines what Unipol expects from its suppliers on the protection of human and workers' rights, protection of the environment and the fight against corruption and envisages - amongst other aspects - the right of Unipol to check the supplier's processes and structures to verify their compliance, as well as apply penalty mechanisms if they continue not to comply with the Code. Suppliers, with the exception of Public Administrations and independent contractors, whether or not they are members of professional associations, are asked to sign the Code when they sign or renew their contracts. At the end of 2020, contracts including the Supplier Code of Conduct (SCC) covered **50% of total purchase expenses**[31] (+10 p.p. on 2019). In 2020, the Purchasing Department involved the Sustainability Function in **15 in-depth investigations** relating to Suppliers who in a number of cases had submitted documentation proving their capacity and commitment to satisfying the sustainability requirements stated in the SCC, as an alternative to subscribing to the Code itself. These actions (which involved 58% of suppliers operating in the Information Technology sector) all had a positive outcome.

[29] The new version of the SRI Investment Policy was approved by the Board of Directors of Unipol Gruppo at its meeting of 11 February 2021.
[30] ISO standard which provides orientations to organisations, irrespective of their business or size, on the integration of sustainability within their purchases
[31] The Supplier Code of Conduct does not apply to UnipolRental purchases governed by specific contractual arrangements. The option remains for the Parent to identify and extend SCC principles, on the basis of risk-based assessments and within the limits of compatibility with specific sector regulations.

Policy on the protection and leveraging of personal data ***2020 activities:*** • ***integration of ESG aspects*** • ***control***	The Policy on the protection and leveraging of personal data, in the version approved by the Board of Directors of Unipol Gruppo in April 2020, states, among other things, the "Unipol Data Vision", which defines the commitments undertaken by the Group with respect to its customers and all stakeholders to ensure that the protection granted to personal data available to the Group companies is supported by a growing activity of leveraging[32], in terms of awareness, transparency and accessibility. For details of the assets controlled in this respect, see the paragraph "Protection of personal data".

For details on the Policies referred to above, please refer to the "Sustainability" section of the Unipol Group's website.

In parallel and consistent with the integration of ESG risks into the Group Policies, the **Inter-functional ESG Risks Panel**[33] further fine-tuned and updated the mapping of these risks and related controls (the "map", see table below), also to take into account the impacts of the present health emergency.
As indicated in the chapter "Future orientation in the use of capital", the risk of pandemics and new diseases has been monitored for some time through the Reputational and Emerging Risk Observatory, and then integrated into the system of controls defined by the Group. In the ESG risks map, pandemic risk is considered - among the effects generated by climate change and the loss of biodiversity - as a factor that can determine an increase in the frequency and seriousness of claims. In the assessment of Unipol Group ESG risks, the pandemic represents an acceleration factor for the following risks suffered:

- increased vulnerability of IT systems to outside attacks;
- decline in employment in specific roles and skills mismatches;
- impacts of the ageing population on the sustainability of the risk assumed in the welfare and pension areas;
- reduction of insurability for the most vulnerable segments of our society.

To facilitate reading, the risks suffered and the risks generated are highlighted differently on the map.
The risks suffered consist of events that represent a risk for the Group, which has no levers to influence their occurrence, but can only act to oversee them, preventing or mitigating their consequences, or to transform them into opportunities; the risks generated instead represent events the triggering causes of which are directly connected to Group operations, with respect to which the Group has levers to prevent their occurrence or mitigate their consequences should they occur.
On the basis of a significance assessment, the map indicates the risks connected to the Group's core business.

[32] The "leveraging" of personal data refers to the activity of promoting, developing and enhancing the Group's information assets in order to create shared value.
[33] Body consisting of the Audit, Compliance and Anti-Money Laundering, Risk Management and Sustainability Functions, whose objective is to identify the potential social, environmental and governance risks to which the Group is exposed, map the controls targeted at managing these risks and suggest possible improvement actions.

Risk areas connected to ESG factors	Risk	Topics in the materiality matrix	Main regulatory and strategic controls in place
Climate change and loss of biodiversity - Physical risks	Increase in technical risk and credit risk due to the increase in the frequency and severity of claims linked to the consequences of climate change (acute and chronic physical risks) and the loss of biodiversity, including pandemic events. Time horizon: medium term[34]	Actions for adaptation to and mitigation of climate change Solutions that incentivise socially responsible and sustainable behaviours	• Sustainability policy • Risk management policy • Reinsurance and other risk mitigation techniques policy • Operational risk management policy • Business continuity policy • Business Continuity Plan • Guidelines for the management of credit risk assumption activities • Underwriting Policy - Non-Life Business and Life Business • Provisions Policy - Non-Life Business and Life Business
	Non-insurability of risks linked to climate due to low resilience of society Time horizon: medium term[34]	Actions for adaptation to and mitigation of climate change	
	Damages to property and assets of the Group and Business continuity risk for Group sites and agencies / Damages relating to the interruption of the supply chain (operational risk) Time horizon: medium term[34]	Actions for adaptation to and mitigation of climate change	• *2019-2021 Strategic Plan, "Evolution of technical excellence" and "Shared value and sustainable development" areas*
imate change and loss of biodiversity - Transition risks	Decrease in the value of the investment portfolio relating to companies not meeting expectations with regard to the path of transition towards a sustainable low CO2 emission economy (financial risk) Time horizon: medium term[34]	Actions for adaptation to and mitigation of climate change	• Sustainability policy • Risk management policy • Investment policy - Guidelines for responsible investment activities • Underwriting Policy - Non-Life Business and Life Business • Integrated Reputation Management System
	Negative impact on the Group's reputation due to the underwriting of insurance contracts and investment in companies whose process of transition towards a low CO2 emission economy is deemed insufficient by stakeholders (reputational risk) Time horizon: short term[34]	Contribution to sustainable development in the various spheres of influence (investments, customers, suppliers)	• *2019-2021 Strategic Plan, "Shared value and sustainable development" area*
Technological evolution of society	Increased vulnerability of IT systems to outside attacks	Data protection and leveraging	• Sustainability policy • Risk management policy • Operational risk management policy • Cyber risk analysis method • Business continuity policy • Business Continuity Plan • Information security policy • Group Policy on data governance • Organisational, Management and Control Model • Charter for equal opportunities and equality at work • *2019-2021 Strategic Plan on information and communication technology (ICT Strategic Plan)* • *2019-2021 Strategic Plan, "People and Technology" area*
	Decline in employment in specific roles and skills mismatches	Development of human capital Relations with the agency network	
Socio-demographic change	Impacts of the ageing population on the sustainability of the risk assumed in the welfare and pension areas	Financial inclusion and education Product and service innovation Solutions that incentivise socially responsible and sustainable behaviours	• Sustainability policy • Risk management policy • Underwriting Policy - Non-Life Business and Life Business • Provisions Policy - Non-Life Business and Life Business • *2019-2021 Strategic Plan, "Beyond Insurance" (particularly the Welfare Ecosystem) and "Shared value and sustainable development" areas*
Increase in social polarisation	Reduction of insurability for the most vulnerable segments of our society	Financial inclusion and education Product and service innovation	

Key:

Risks suffered Risks generated Aaaaa Regulatory controls *Bbbbb* *Strategic controls*

[34] As regards the time horizon of the risks linked to climate change:

- Short-term corresponds to the time span of the business plan and therefore of operational and financial planning;
- Medium-term corresponds to the time span of the Unipol Group's Emerging & Reputational Risks Observatory, that of identifying external risks and opportunities that could have an impact on the business model and on the business strategy;
- Long-term corresponds to the period until 2050, which is one of the main tipping points outlined in the special report of the IPCC (2018) and in the most recent strategy of the European Commission ("A clean planet for all", 2018).

Risk areas connected to ESG factors	Risk	Material topic	Regulatory and strategic controls in place
Violazione dei diritti umani e dei lavoratori	Discriminatory statements or conduct in communications and in offerings	Fairness in the sale of products and services Enhancement of diversity Customer centricity	• Charter of Values and Code of Ethics (signed by agents) • Charter for equal opportunities and equality at work • Sustainability policy • Risk management policy • Underwriting Policy - Non-Life Business and Life Business • Investment policy - Guidelines for responsible investment activities • Group Policy on data governance • Outsourcing and supplier selection and Code policies • Policy and further internal regulation on the protection and leveraging of personal data • Policy on the management of conflicts of interest - insurance segment • Policy on insurance and reinsurance distribution • Policy on the management of conflicts of interest - insurance segment • Policy regarding product governance and control - Non-Life and Life Businesses • Operational risk management policy • Policy on authorisations and powers • Health and safety management system manual • Organisational, Management and Control Model • Code of Good Practice • Sector and supplementary agreements • Procedures for managing the company website and web services • Procedures relating to the performance of clinical activities • Clinical risk management procedures
	Improper or disrespectful use of data	Data protection and leveraging	
	Incorrect actions on labour law risks	Development of human capital Sharing of a common corporate culture	
	Incorrect actions on occupational health and safety	Sharing of a common corporate culture	
	Discriminatory statements or conduct in personnel management	Enhancement of diversity	
	Lack of development initiatives and promotion of professional development	Development of human capital	
	Violation of human or workers' rights, or on other sensitive social and governance topics, by the Group, the agency network or the supply chain	Fair and transparent business competition Contribution to sustainable development in the various spheres of influence Relations with the agency network	
	Incorrect actions on respect for human or workers' rights, or on other sensitive social and governance topics, at companies insured or investee companies	Contribution to sustainable development in the various spheres of influence	
	Low control over safety in clinics and medical centres	Risk and control culture	
Environmental damage and negative impact on the environment	Incorrect actions on environmental topics that are relevant for the Group	Fair and transparent business competition	• Charter of Values and Code of Ethics (signed by agents) • Sustainability policy • Risk management policy • Underwriting Policy - Non-Life Business and Life Business • Investment policy - Guidelines for responsible investment activities • Outsourcing and supplier selection and Code policies • Operational risk management policy • Sector and supplementary agreements • Organisation, Management and Control Model
Conduct in violation of business integrity	Social degradation in the area of Group-owned real estate	Fair and transparent business competition	• Charter of Values and Code of Ethics (signed by agents) • Sustainability policy • Risk management policy • Investment policy - Guidelines for responsible investment activities • Real Estate guidelines - Policy on the management of conflicts of interest - insurance segment • Policy on insurance and reinsurance distribution • Money laundering and terrorist financing risk management policy • Directives on the Group's Corporate Governance System • Key Function Policies • Money laundering and terrorist financing risk management policy • Policy regarding product governance and control oversight mechanisms - Non-Life and Life • Policy and further internal regulation on the protection and leveraging of personal data • Operational risk management policy • Organisational, Management and Control Model • Policy on authorisations and powers • Procedures and operating guides governing transactions with related parties, intercompany counterparties and associated parties • Integrated Reputation Management System • Guidelines and further internal regulation on the management and communication of privileged information
	Lack of knowledge about social and environmental applications in the reference communities in property development processes	Fair and transparent business competition	
	Lack of transparency, clarity and integrity in relationships with customers and other stakeholders	Fair and transparent business competition Fairness in the sale of products and services Development of partnerships with public and private players	
	Non-compliance with rules in force (corruption, money laundering, tax, free competition, privacy, labour law)	Fair and transparent business competition Risk and control culture Farsightedness in responsible capital and remuneration management	

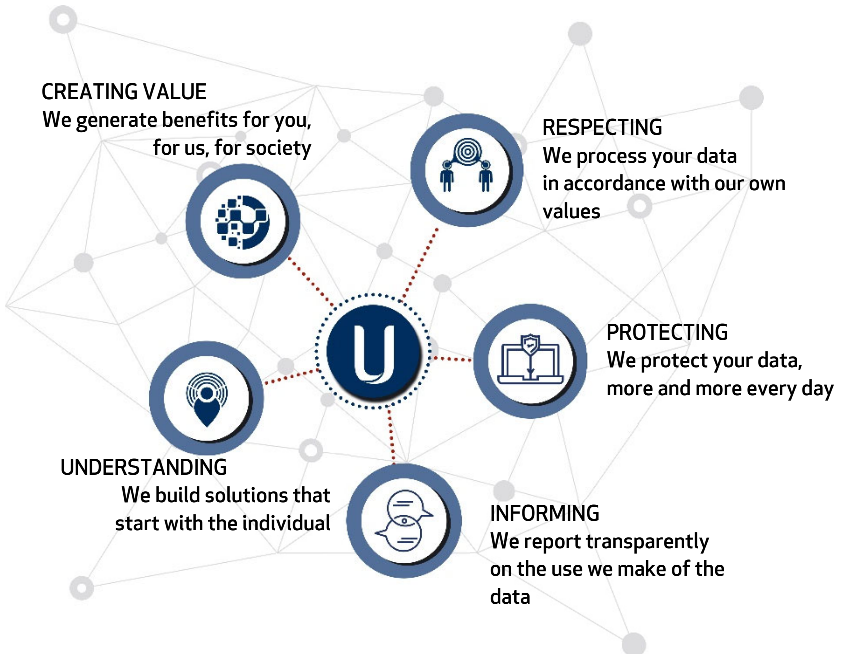
Protection of personal data

Given the different businesses conducted by the Group companies, Unipol holds numerous personal data, which relate to different moments in the life of individuals, their conduct, the resources available to them, their health, habits, preferences. The phenomenon will increasingly expand as the connection of new devices continues.
The **Policy on the protection and leveraging of personal data** defines the general guidelines of the Unipol Group on the protection of natural persons with regard to the processing of personal data, specifying the organisational model (organisation and roles, people, culture and responsibilities), the operating model (processes, rules and documentation) and the architectural model (technologies and tools) structured for that purpose. The Unipol Group uses this system to implement Regulation (EU) no. 2016/679 (the GDPR) and, with support from the Group Data Protection Officer (DPO), performs ongoing assessment of the effectiveness and efficiency of controls, processes and the organisation put into place for implementation of the GDPR.

During 2020, 92 data breaches were recorded in the Group companies.[35] The increase compared to the 24 cases in 2019 is due to increased awareness of Group personnel, thanks to continuous training and dissemination of GDPR topics, which has generated more reports, and to the Unipol Group's constant attention to every single event that could potentially result in a personal data breach. All of the cases were promptly managed and resolved by the competent data controller companies. In just 5 cases it was necessary to promptly notify the Data Protection Authority. The remaining cases were not notified as they did not include any risk to the interested parties. In 2020, 6 documented reports were received of breach of privacy at Group level, issued by the Regulatory Bodies (specifically, the Data Protection Authority), which were answered promptly without any follow-up by the Authority.

The "Unipol Data Vision", approved in 2020, integrates the privacy protection system with the commitment of fair and transparent **data leveraging**. The advanced data management supports a more knowledgeable assumption of risks, able to make the handling of any claims more sustainable and leading to an increasingly stronger capacity to protect customers in an accessible manner. The Unipol vision therefore represents an opportunity to create value that is shared among customers, the Group and even the community as a whole, supporting the development of solutions with a common contribution from multiple players to satisfy the needs of the community.

Unipol Data Vision



In relation to cyber security, the **Information Security Policy** calls for the adoption of suitable physical, logical and procedural security measures aiming to guarantee appropriate and consistent protection to the information processed in the IT systems throughout the entire life cycle.

[35] According to the GDPR, a data breach is a security violation that leads to the accidental or unlawful destruction, loss, alteration or unauthorised disclosure of, or access to, the personal data transmitted, stored or otherwise processed.

In 2020, the operating methods of Group personnel changed profoundly, with impacts on cyber security. In this context, the initiatives to strengthen and further develop the cyber security continued in three main areas:

- the intensive use of technologies and methods based on best market practices to control the various levels of the architecture (access boundaries, data protection, application and infrastructure vulnerabilities, etc.);
- the enhancement and automation of attack detection and response;
- the technical training sessions for IT personnel and awareness for the end users.

Among the main projects advanced are the multi-factor authentication for over 9,000 employees in the Group's insurance sector, with the aim of mitigating the risk of theft of credentials and unauthorised access attempts, as well as conducting vulnerability assessment and penetration test sessions on the infrastructure and applications, with particular regard to those exposed on the Internet.

The risk control system associated with the management and use of data is completed by various Group policies, including in particular the Risk Management Policy, the Personal Data Protection Policy, the Business Continuity Management Policy and the Data Governance Policy. Data Governance is the set of processes, methodologies, roles and technologies which on one hand allows for the formal management of data informational assets, establishing clear responsibility for them, and on the other offers opportunities to exploit the intrinsic value of the company's informational assets to support business strategies and objectives.
UnipolSai is certified according to the ISO27001[36] international standard for the advanced electronic signature service.

Training on privacy topics involved most of the Group's personnel (over 90% of employees in Italy) and numerous agents and sub-agents (more than 70% in both cases). Initiatives were undertaken that are also highly important to cyber security awareness.

Tax management methods

Tax management is assigned to the Group Tax Service, which reports to the Administration, Controlling and Operations Co-General Manager. The Service supervises and manages the application of tax regulations and provides advice, guidance and control to all companies in the Group, guaranteeing assistance and support in relation to control activities implemented by the Financial Administration.
Underlying the adopted approach is the identification, profiling and quantification of tax risks for the purpose of defining capital needs. Tax risk is one of the operational risks subject to monitoring and assessment under Solvency II regulations.
In determining the prudential provisions to be allocated against current or forecast disputes concerning tax application, the risk associated with potential future inspections is also assessed and quantified.
The Unipol Group establishes relationships of full cooperation with the competent tax authorities, supporting their inspection activities and responding to requests received in as fast and transparent a manner as possible. In its operating offices, the Unipol Group promotes and sustains the streamlining and simplification of administration and management systems for the taxes of interest.
The business processes include procedures and tools for managing tax aspects. A number of significant tax processes are subject to recognition for the purpose of procedures pursuant to Italian Law 262/2005 (Law on the Protection of Savings and Governance of the Financial Markets).
The aspects related to the management of tax issues do not envisage explicitly and structured involvement of the Company's Board of Directors, which does not define the general tax strategies of the company. However, were significant problems emerge, the functions responsible provide suitable reports and carry out appropriate preventive assessments of the fiscal consequences of transactions of greater relevance.
The revenue, profit deriving from technical and financial management and taxes for the year are disclosed in the separate financial statements documentation, and a reconciliation statement is included between the theoretical tax burden compared to the actual tax burden, with an explanation of the main reasons for deviations. The main items causing mismatches between taxes paid and taxes recognised are subject to disclosure.
The Unipol Group prepares a country-by-country report on income taxes.

[36] The ISO/IEC 27001 standard is an international standard that defines the requirements to set up and manage the information security management system, and includes aspects relating to logical, physical and organisational security.

The Organisation and Management Model pursuant to Italian Legislative Decree 231/2001

Unipol Gruppo's OMM was updated in December 2020 to adapt it to recently introduced legislation. The current version is composed of a General Part and 14 Special Parts, each dedicated to a category of crime that could theoretically take place within the Company. In the Special Parts of the OMM, the specific principles of conduct and principles of control for preventing the commission of each type of such crimes are laid out in detail.
The OMMs of the Unipol Group companies call for the same oversight mechanisms and control tools.
As regards UnipolRental, the organisational and management model is under review in terms of its structure and contents in order to guarantee consistency with Group guidelines.
The Model is disseminated to employees through the company intranet; subsequent updates of the Model are disclosed to all employees through a company communication sent via email.
The internal system for reporting violations has been formalised in a specific Whistleblowing Procedure. The personnel (employees and those who operate on the basis of a relationship, even in a form other than employment, which determines their inclusion within the company organisation) may use an IT platform to submit reports of unlawful conduct pursuant to Decree 231/01, deeds or facts which could constitute violations of the OMM, as well as violations of other precisely defined regulations[37], with methods that guarantee the full confidentiality of the reporting party's identity and the content of the report[38]. The disciplinary system adopted envisages sanctions against those violating the whistleblower protection measures, and for those who with wilful misconduct or gross negligence submit reports that prove unfounded.

The duty of supervising the functioning and observance of the OMM and handling its updating is entrusted to the Supervisory Board (SB) consisting of three independent non-executive directors as members of the Control and Risk Committee, and a further two members of the company's Top Management responsible for the Compliance Function and the Auditing Function.

On the issue of Anti-Money Laundering and combating terrorist financing, the Group has made an online course available (used by 84.5% of the Italian insurance companies' employees in 2020) on the crime of money laundering, with the aim of supporting those responsible for direct management of customers in complying with obligations deriving from the regulatory provisions.

For further details on the OMM, please refer to the "Governance" section of the Unipol Group's website

Anti-corruption

During the year, the control and Model 231 Monitoring functions perform assessments of the Group and Group company processes to identify the relevant areas at risk for the purposes of Italian Legislative Decree 231/2001.
The analysis is performed on **all processes mapped** and results in a matrix, which is constantly updated and cross-references individual processes with the risk of the crimes to which they are exposed; during this process, a specific assessment is performed on the risk of corruption.

With respect to the **105 processes analysed** in relation to the Parent, 15 were evaluated in 2020 as sensitive to the risk of corruption (14% of the total); for UnipolSai Assicurazioni, there were 143 processes mapped and analysed, with 44 subject to the assessment of sensitivity to the risk of corruption (31%).

The oversight and control mechanisms put into place to combat corruption are defined in the OMM in Special Part 1, with reference to crimes in relations with the Public Administration, and in Special Part 2 with reference to the crime of corruption between private parties laid out in the Civil Code.

[37] Reference is made to (i) Regulation (EU) no. 596/2014 relating to market abuse ("MAR"), (ii) Italian Legislative Decree no. 231 of 21 November 2007 on preventing the use of the financial system for money laundering and terrorist financing, (iii) Italian Legislative Decree no. 209 of 7 September 2005 ("Private Insurance Code"), (iv) Italian Legislative Decree no. 58 of 24 February 1998 ("Consolidated Law on Finance").
[38] The IT platform adopted by the Group makes it possible to (i) manage reports in pseudonymised form and (ii) keep track of the relative information in encrypted form. Access to the latter is limited to identified members of the company structures responsible for receiving, reviewing and evaluating whistleblowing reports.

As regards the companies operating in Serbia, provisions have been included in their By-Laws and Code of Ethics that envisage a duty to avoid conflicts of interest. For UnipolRe, operating in Ireland, so as to more effectively combat corruption the signatory powers approved by the Board of Directors envisage two signatures for any transaction.

In 2020, based on available information, Unipol Gruppo and the Unipol Group companies did not incur costs for any penalties pursuant to Italian Legislative Decree 231/2001 deriving from charges for crimes of corruption.

On the subject of Anti-corruption, an online course is available that describes the rules introduced to Italian Law by Legislative Decree 231/2001, particularly the liability of entities for offences resulting from commission of a crime.
88% of employees working in the insurance, healthcare, agricultural, hotels and tourism businesses in Italy have received specific training on anti-corruption policy and procedures.

To ensure effective implementation of the OMM, agents were asked to acknowledge it, which was done in 94% of cases.
The contracts that the Group enters into with suppliers include a clause in which the suppliers undertake to respect the OMM, under penalty of termination of the contract.

Viewing the OMM is certified for suppliers enrolled in the Suppliers Register, which accounted for 18.3% of the total spending volume in 2020. The 20 p.p. decrease compared to the previous year is due to replacement of the register management platform for which new registrations are in progress. Note in particular that the spending volume attributable to suppliers active over the two years, but not yet enrolled in the new Register, totals over €150m.

Anti-fraud

Combating fraud is in the interest of the insurance companies and, especially, protects customers who act correctly. The UnipolSai **Anti-fraud** Function carries out its activity of preventing, intercepting and combating fraudulent conduct, whether in the insurance or settlement environments, perpetrated to the detriment of the Company as well as the other Group Companies without their own dedicated independent structure.

Technological innovation plays a key role in development in this respect, with innovative solutions based on data management, artificial intelligence and predictive learning. Investments continued in 2020, for example for development of the Anti-fraud Engine and of predictive models in the MV and Land Vehicle Hulls TPL areas.
The Special Areas of the Claims Department reported 28,000 suspect claims. After further study, the Anti-Fraud Function managed 8,735 reports of fraud (-20% compared to 2019). A complaint was filed in 539 cases (+7% on 2019).
The overall decrease in reports recorded in 2019 is attributable to the reduced use of vehicles during the lockdowns, and to changes made to the anti-fraud engine to limit the "false positives" referring to automatic indicators.

Protection of fair competition

Through its Code of Ethics, the Unipol Group commits to operating in favour of a market in which free competition is guaranteed, abstaining from practices that may potentially be anti-competitive.
Unipol puts that commitment into practice by structuring internal processes and procedures that guarantee the necessary oversight mechanism and controls, and with monitoring activities and the internal dissemination of new regulations that are relevant for the activities performed by the Group companies, aiming to verify compliance with standards as well as identify possible areas for new business activities. This is joined by a constant commitment to advocacy in light of proposed laws and public consultation initiatives, and on any other deed or document published by the Authorities with possible effects on the Group and its stakeholders.

Among the "competition" regulations analysed, note Directive (EU) 2019/2161 for an improved application and modernisation of the EU rules on consumer protection. Parts of the various decree laws issued in relation to the COVID-19 emergency contain provisions associated to different extents with consumer protection.
As more specifically regards "consumer protection" in the insurance business, the focus of the competent corporate functions was on: IVASS Regulation no. 45 of 4 August 2020 containing provisions on governance and control requirements for insurance products, and IVASS Measure no. 97 of 4 August 2020 containing amendments and additions to Regulations 23/2008, 24/2008, 38/2018, 40/2018 and 41/2018; the joint IVASS-Bank of Italy Letter to the Market of 17 March 2020 on the offer of products combined with loans; and Italian

Decree Law no. 34 of 19 May 2020, the "Relaunch Decree", coordinated with Conversion Law no. 77 of 17 July 2020, containing "Urgent measures on health, job support and the economy, as well as social policies linked to the COVID-19 pandemic", with particular reference to the issue of simplified underwriting of insurance contracts using IT or electronic means.

Sanctions

There were a total of 3,374 IVASS interventions against UnipolSai and the Group's other insurance companies operating in Italy in the course of 2020, up compared to 2,696 in the previous year.

In 2020, UnipolSai Assicurazioni paid 3 sanctions for a total of €67,340, all relating to Non-Life Claims deriving from the application of regulations previously in force.
Based on the sanctions system in force, applied by the Supervisory Authority in relation to offences taking place after 1 October 2018, the administrative sanction goes from a minimum of €3k to a maximum of 10% of turnover, while offences committed until 30 September 2018 and confirmed subsequently by IVASS are subject to the system in force previously, characterised by a well-defined grid that includes days of delay and the amount of the relative sanctions.

In relation to complaints submitted by customers pursuant to IVASS Regulation no. 46/2016, UnipolSai Assicurazioni alone handled, together with its agents, 2,613 complaints (+14% over the same period of 2019); of these 75% were rejected.

In relation to respect for environmental legislation, no fines or non-monetary penalties were imposed for damages caused to the environment as a result of the operations of Group companies and health and safety.

For detailed information on the figures for initiatives to combat corruption risk and fraud risk, and the sanctions, please see the "Appendix - Unipol in numbers".

Capital requirements

Capital management

Capital management policy
The capital management strategies and objectives of the Group are outlined in the "Capital management and dividend distribution policy", which describes the reference context and the process for managing capital and distributing dividends also in terms of the roles and responsibilities of the players involved. The document also identifies the principles of capital management and the distribution of dividends or other elements of own funds, in line with the capital return objectives and the risk appetite defined by the Board of Directors.

The general aims pursued by the "Capital management and dividend distribution policy" are:
- ex ante definition of the return objectives on allocated capital, consistent with the profitability targets and in line with the risk appetite;
- maintaining a sound and efficient capital structure, considering growth targets and risk appetite;
- outlining the capital management process for the definition of procedures to ensure, inter alia, that:
  - the elements of own funds, both at the time of issue and subsequently, satisfy the requirements of the applicable capital regime and are correctly classified;
  - the terms and conditions for each element of own funds are clear and unequivocal;
- ex ante definition of a sustainable flow of dividends, in line with the profit generated, free cash flow and risk appetite, identifying and documenting any situations in which the postponement or cancellation of distributions from an element of own funds could arise;
- outlining the dividend distribution process for the definition of procedures to ensure sound and efficient capital management, considering that the growth and profitability targets are in line with the risk appetite;
- defining the roles, responsibilities and reporting in relation to capital management and the distribution of dividends or other elements of own funds.

The capital management and dividend distribution process is divided into five steps, in close relation with other corporate processes:
- final measurement of available capital and the capital required;
- preparation of the mid-term capital management plan;
- monitoring and reporting;
- management action on capital, including any contingency measures;
- distribution of dividends or other elements of own funds.

Insurance Sector
Activities by the competent corporate organisations of the Group were carried out in 2020 in compliance with Solvency II regulations and the supervisory provisions issued by IVASS.
As regards the calculation of the capital requirement, it is worth noting that, by means of measure 0113852/18 of 24 April 2018 and following the application for authorisation submitted by Unipol Gruppo S.p.A., IVASS authorised the use of a partial internal model for calculating the Group solvency capital requirement, effective from assessments relating to the annual requirement at 31 December 2017. The companies UnipolSai and Arca Vita S.p.A. received authorisation to use the partial internal model for calculating the solvency capital requirement, effective from valuations regarding the annual requirement at 31 December 2016.

Remuneration system and incentives

NFS

Every year, the Unipol Group Companies, based on guidelines issued by the Parent in the Group Remuneration Policies, adopt their own Remuneration Policies, approved by the Boards of Directors of the Companies and by the respective Shareholders' Meetings, to guarantee fair remuneration, adequate to the role, responsibilities, degree of professionalism and individual skillset, in compliance with legal and regulatory provisions and consistent with sustainable performance requirements.
The essential principles for determining remuneration are a sound and prudent risk management policy, internal fairness, meritocracy and benchmarking with the reference markets.

Annual **non-executive Director** compensation is fixed; they also receive attendance fees for participation in each board meeting and shareholders' meeting as well as reimbursements for expenses incurred to carry out their official duties. However, they receive no variable remuneration component.

Manager remuneration includes fixed and variable components. The parameters for the assignment of the variable remuneration component defined in relation to the 2020 Remuneration Policies are summarised below.

VARIABLE COMPONENT

Prerequisites for the recognition of any incentive are the continuing presence of positive economic results and the minimisation of risk factors, in addition to the presence of a dividend capability, i.e. the presence of conditions, in terms of economic performance and minimum solvency requirements of the Unipol Group for the eventual distribution of a dividend to Unipol shareholders.

The Total Bonus is broken down into a Short Term Incentive and a Long Term Incentive.

Short Term Monetary Incentive

Each recipient is individually assigned four short-term objectives.
The sum of the weights obtained from combining the individual objectives determines the Individual Performance Level.
The Short Term Incentive is attributed 50% in monetary form and 50% in the form of financial instruments consisting of Unipol ordinary shares and UnipolSai ordinary shares.

Long Term Incentive

The Long Term Incentive is assigned 50% in monetary form and 50% based on a closed financial instrument-based remuneration plan, which involves the distribution of Unipol ordinary shares and UnipolSai ordinary shares in the three-year period 2023-2025 (five-year period 2023-2027 for Executive Level Managers).
The LTI is paid based on the achievement of Unipol Group profit indicators, the Unipol solvency capital requirement target, growth in the value of the Unipol share over the three year period and performance of the Group's reputational index in the three-year period 2019-2021.

The reputational index trend has a weight of 5% on the amount of the LTI Bonus. The objective to be reached is a Reputational Profile* of the Unipol Group over the applicable three-year period (understood as the average of the monthly measurements) which is higher than that recorded by the Financial-Insurance Sector as a whole during the same period.

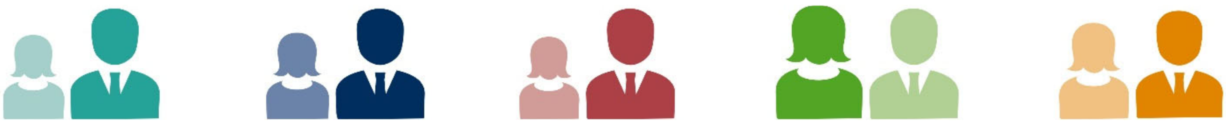
*Value calculated and measured on the basis of the Reputation Institute's RepTrak® model

For detailed information, please refer to the Remuneration Report, available in the "Governance" section of the Unipol Group's website.

In relation to the remuneration differences between women and men note that, as regards the total remuneration of companies operating in Italy, for the senior executives category the average fixed remuneration for female staff is around 5 percentage points below that of male staff, in the Officers and Middle Managers category the difference reduces to 6 percentage points (from 7 p.p. in 2019), among administrative staff it stands at 8 percentage points (in line with 2019), whilst for Call Centre personnel the figure is confirmed at 1 percentage point in favour of female personnel (it was 3 p.p. in the previous year). Also note that, compared to the previous year, the fixed pay gaps improved for the executive and administrative staff categories (see the "Appendix-Unipol in numbers").

Remuneration differences by gender and by employment category*

Differences relating to median values of total gross annual remuneration of employees (fixed and variable parts)



-5%	**-6%**	**-8%**	**+1%**	**-6%**
Senior Executives	Officers and middle managers	Administrative staff	Call Centre personnel	Blue-collar workers/Other

* I dati non includono le società estere Arca Vita International, DDOR, DDOR Auto, DDOR Re, Unipol Re.

For detailed information on figures relating to remuneration differences, please see the "Appendix-Unipol in numbers"

UNIPOL GROUP PERFORMANCE

Mergers/spin-offs of subsidiaries

As part of the transactions aimed at rationalising and simplifying the corporate structures of the UnipolSai Group, as resolved by the Board of Directors on 21 June 2019, a deed of merger by incorporation of Pronto Assistance SpA in UnipolSai was signed on 21 January 2020 (the "Merger"). The Merger took effect for legal purposes on 1 February 2020, and from 1 January 2020 for accounting and tax purposes.
Also on 21 January 2020, deeds were signed regarding (i) the global spin-off of Ambra Property Srl in favour of UnipolSai, Gruppo UNA SpA and Midi Srl, (ii) the global spin-off of Villa Ragionieri Srl in favour of UnipolSai and Casa di Cura Villa Donatello SpA and (iii) the partial spin-off of the latter in favour of UnipolSai. The global spin-offs became effective from 1 February 2020, effective from 1 January 2020 for accounting and tax purposes. The partial spin-off of Casa di Cura Villa Donatello took effect on 1 February 2020, effective from the same date for accounting and tax purposes.
Please note that as the transactions in question were carried out between subsidiaries, they did not have economic and financial effects at consolidated level, with the exception of possible reallocations of assets and liabilities subject to such transactions within different Group business segments.

Agreement with Intesa Sanpaolo SpA

On 17 February 2020, UnipolSai Assicurazioni and Unipol Gruppo, in relation:
i) to the promotion by Intesa Sanpaolo of a surprise voluntary public exchange offer on all shares of UBI Banca SpA (the "PEO");
ii) to the acquisition by BPER Banca SpA ("BPER"), having positively concluded the PEO, of a business unit consisting of bank branches and the assets, liabilities and legal relationships connected to them (the "Banking Business"), jointly notified the market that UnipolSai Assicurazioni had entered into an agreement with Intesa, subject to the fulfilment of specific conditions, for the subsequent acquisition, either directly or through a subsidiary, of business units linked to one or more current insurance companies invested in at the time by UBI Banca (BancAssurance Popolari SpA, Lombarda Vita SpA and Aviva Vita SpA), consisting of Life insurance policies taken out by customers in the Banking Business and the relative assets, liabilities and legal relationships (the "Insurance Businesses").
In this regard, please note that some of the conditions set forth in the agreement and referring to the acquisition have been fulfilled and specifically:

- on 30 July 2020, the Public Purchase and Exchange Offer promoted by Intesa Sanpaolo on UBI Banca shares was successfully concluded;
- on 3 November 2020, the BPER Banca share capital increase was successfully concluded, in order to provide the bank with the resources necessary to acquire the Banking Business, in which Unipol and UnipolSai participated, in proportion with their shareholdings in BPER Banca, paying €75m and €73m, respectively;
- on 22 February 2021, the acquisition of the Banking Business by BPER was completed.

On the basis of the agreement, when additional conditions are fulfilled, including, inter alia, the assumption of control of Lombarda Vita and Aviva Vita by Intesa Sanpaolo, the latter and UnipolSai Assicurazioni shall proceed with the definition of the Insurance Businesses and their subsequent transfer. The consideration for the transfer of the Insurance Businesses will be determined on the basis of the same valuation criteria as those adopted for the determination of the price paid by UBI Banca for the acquisition of control of Lombarda Vita and Aviva Vita as well as, as concerns the Insurance Business of BancAssurance Popolari, by making reference to its asset value.

Repayment of the second tranche of the Mediobanca Tier 1 subordinated loan

In July 2020, UnipolSai Assicurazioni repaid the second tranche of €80m of the Mediobanca Tier 1 subordinated loan. Additional annual repayments in equal amounts are planned until 2023, in order to pay off the entire subordinated loan with an original nominal value of €400m.

Issue by UnipolSai SpA of a "Restricted Tier 1" perpetual regulatory capital instrument

On 19 October 2020, the Board of Directors of UnipolSai Assicurazioni SpA ("UnipolSai" or the "Company") authorised the issue by the Company of a "Restricted Tier 1" regulatory capital instrument in Euro - perpetual, non-convertible and fixed rate - for a maximum nominal amount not to exceed €500m (the "Issue" or the "RT1 Instrument"), to be placed exclusively with Italian and foreign qualified investors (with the exception of US investors) and to be listed on the Luxembourg Stock Exchange regulated market, with an issue and settlement date of 27 October 2020. The Issue, the placement of which with Italian and foreign institutional investors was completed on the next day (20 October 2020), enabled UnipolSai to refinance its outstanding Restricted Tier 1 bonds in time, with a view to replacing them taking into account the upcoming progressive maturities, with benefits also in terms of improving the debt/capital ratio.
The RT1 Instrument is perpetual and may be called up by UnipolSai, subject to the requirements of applicable legislation in force, starting from 27 October 2030. If not called up on the first possible date, it may be called up at each interest payment date, expected to take place every six months. The RT1 Instrument is issued at par and pays a fixed coupon on a yearly basis of 6.375%. The first reset date is scheduled after 10 years, on 27 October 2030. After this date, the coupon will be fixed every five years and will be equal to the 5-year mid swap rate reported at each reset date, plus a margin of 6.744%.
The issue met with strong investor interest, confirming the solid reputation that UnipolSai and the Unipol Group enjoy in international markets. During the placement, orders in excess of €1.5bn were indeed received, covering the book by more than 3 times. More than 80% of the RT1 Instrument was placed with foreign institutional investors.
The confirmed rating of the RT1 Instrument is B1 for Moody's and B+ for Fitch.
In relation to the features of the Issue, which do not establish an obligation on the part of the issuer to return the capital or pay coupons, the RT1 Instrument was recognised in the IFRS consolidated financial statements under shareholders' equity items.

Repayment of Tier 2 subordinated loans

In line with proactive debt management and the limitation of the company's financial leverage, on 19 October 2020, the UnipolSai Board of Directors also approved the exercise, in the case of a favourable outcome of the RT1 Instrument issue, of the option for early repayment of two outstanding Tier 2 issues, maturing in June 2021 (XS0130717134 - €300m outstanding) and July 2023 (XS0173649798 - €262m outstanding), with respect to which the RT1 Instrument constitutes higher quality regulatory capital. Consistent with this resolution and having obtained authorisation from the competent supervisory authorities, on 15 March 2021 UnipolSai finalised the early repayment of the Tier 2 issue maturing in 2021.

Operating performance

In 2020, the Unipol Group achieved a **normalised consolidated net profit** of €905m, up significantly compared to €732m at 31 December 2019. These values were determined by excluding, for 2020, the negative economic effect (€41m) due to dilution of the share in the capital of the associate BPER Banca and, for the previous year, the positive effects (€421m) of initial consolidation at equity of the interest in BPER Banca and the non-recurring expenses (€66m net of taxes, €95.5m before tax) deriving from agreements signed with the Trade Unions for employee leaving incentives.
The **consolidated net profit** recognised was €864m (-20.5% compared to 2019).

At 31 December 2020, **direct insurance premiums**, gross of reinsurance, stood at €12,210m (€14,014m at 31/12/2019, -12.9%).
The year 2020 was significantly impacted by the consequences of the health emergency caused by the COVID-19 pandemic, which influenced both commercial activity and claims.

Within this context, **Non-Life** direct premiums amounted to €7,882m in 2020, marking a decline of 3.5% compared to the previous year (€8,167m at 31/12/2019), but recovering compared to interim data. The decline in income was also influenced by the measures adopted by the Group to protect customers, such as the initiative named #UnMesePerTe which, due to the improvement in claims caused by blocks imposed on circulation, provided UnipolSai customers with a 1/12 (one month) discount on the premium previously paid when they renewed their MV TPL policies.
MV premiums came to €3,985m, down 4.6% on 2019 data, while Non-MV premiums (€3,896m) recorded a more limited decline (-2.3%), also thanks to the marketing of specific products linked to the health emergency. The income of UnipolSai SpA was down, as it was particularly exposed to the decrease recorded in the average MV TPL premium, with Non-Life premiums at €6,772m (-3.1%). UniSalute's turnover rose to €483m (+7.7%), while Linear, the other main company of the Group, operating in the MV segment, totalled €185m in premiums, with 0.6% growth thanks to growth in its customer portfolio. SIAT, focused on the Maritime Transport segment, recorded a decline of 5.7% with premiums of €129m. In the Non-Life bancassurance segment, Arca Assicurazioni achieved turnover of €140m, +3.0% compared to the previous year, while Incontra Assicurazioni earned premiums of €84m, down significantly compared to €185m recorded at 31 December 2019.
In terms of claims, the slowdown in road traffic triggered by the measures for the containment of the COVID-19 pandemic required during the two waves in the course of 2020 had a positive effect. There was therefore a reduction in the frequency of MV TPL claims and other guarantees linked to vehicles. The year 2020 was impacted to a lesser extent than 2019 by damage from atmospheric events, which in any event continued to reach sustained levels, bearing witness to climate changes under way and on which there were lower reinsurance recoveries.
The Group's combined ratio, net of reinsurance, was 87.0% (94.2% at 31/12/2019), with a loss ratio of 58.8%, against 66.3% in 2019 and an expense ratio at 28.2% of premiums for the period (27.9% at 31/12/2019). The expense ratio was up due to the increase in the incidence of commissions referring to the UnipolSai distribution network, which benefitted from the variable claims-based commissions mechanism, along with actions to support agencies put into place by the Company during the most severe phases of the lockdown.
The pre-tax profit for the Non-Life sector was €1,104m (€1,124m normalised) compared to €901m in the previous year (€810m normalised).

In the **Life business**, the Group recorded direct premiums of €4,328m in 2020, marking a decline of 26% due not only to the effects of the health emergency, but especially to the commercial policies adopted during the period in order to limit risks, as well as the comparison with 2019, when there was a high business volume, also due to the presence of one-off components. In detail, UnipolSai SpA recorded direct premiums of €3,099m (-24.0%), while in the bancassurance channel, Arca Vita, along with its subsidiary Arca Vita International, had direct premiums of €1,140m (-32% compared to €1,676m in 2019).
The pre-tax result of the Life segment was €71m, against €226m in 2019 (the normalised result was €236m), down especially due to the lower contribution of financial income influenced by the realisation of some capital losses on the portfolio not covering segregated funds.

As far as **financial investment management** is concerned, after a first part of 2020 - corresponding to the most acute phase of the health emergency - when the main financial asset classes recorded impairment and extremely high peaks of volatility, the subsequent improvement in the health situation and decisive action by the Central Banks, characterised by monetary policies destined to remain highly expansionary for an extended period of time and the commitment to provide aid, including non-repayable, to favour economies (Recovery Fund) made it possible to considerably recover these values. In this context, the gross profitability of the Group's insurance financial investment portfolio maintained a yield of 2.9% of the invested assets in 2020 (3.6% at 31/12/2019, a figure influenced by significant capital gains). With a view to reducing Solvency ratio volatility, the asset allocation was significantly reviewed during the year, decreasing the percentage of Italian government securities held in the portfolio from 50.1% to 42.2% and selling part of the investments subject to equity risk in favour of "core Europe" government securities, high-rating corporate bonds and real assets.

With reference to **real estate management**, the year saw finalisation of the contribution of properties owned by UnipolSai to the Tikal and Oikos funds (the units of which are 100% held by UnipolSai itself) for a total value of roughly €870m. As a result of the transaction, with no substantial economic effects at consolidated level, the value of the contributed properties was transferred from the insurance sector to the real estate sector. Furthermore, please note the acquisition through Fondo Emporion, whose shares are wholly owned by UnipolSai and which is managed by UnipolSai Investimenti SGR, of a commercial real estate portfolio for a total of €218m. During the acquisition, the relative lease contracts were entered into by the Emporion fund and the seller (Coop Alleanza 3.0).
Other than these transactions, there were no significant changes, whereas development continued of the property assets owned in various Italian cities, in order to subsequently leverage the refurbished properties with a view to leasing or use for business purposes. Lastly, in December the notary deed for the transfer of the Torre Velasca property in Milan was signed, with accounting effects in 2021, when the conditions precedent set forth for real estate of historical/artistic interest are met.

As regards the **other sectors** in which the Group operates, the COVID-19 emergency had particularly negative repercussions in the hotel sector, with the majority of the Gruppo UNA's hotels closed or opened only for brief periods, making recourse to the Salary Integrity Fund for all office and hotel employees necessary. Despite the prompt and significant cost curbing actions taken, the period ended with a loss of €23m due to the sharp decline in revenue.
The UnipolReC result of €6.2m was again highly positive, whilst other Group businesses recorded largely break-even results.
The pre-tax result of the Real Estate, Holding and Other Businesses sectors was negative for €149m, or -€128m as the normalised result (positive for €160m at 31/12/2019; -€84m normalised).

At 31 December 2020, **consolidated shareholders' equity** amounted to €9,525m (€8,305m at 31/12/2019).

As regards the **Group's solvency ratio**, in application of the Partial Internal Model, at 31 December 2020, the ratio of own funds to capital required was 216%[39], up compared to 187% at 31 December 2019.

[39] Value calculated on the basis of the information available as of today. The definitive results will be reported to the Supervisory Authority with the timing required by regulations in force.

Condensed Consolidated Operating Income Statement broken down by business segment

	Non-Life business			**Life business**			**Insurance Sector**		
Amounts in €m	**Dec-2020**	Dec-2019	% var.	**Dec-2020**	Dec-2019	% var.	**Dec-2020**	Dec-2019	% var.
Net premiums	7,605	7,822	*(2.8)*	3,744	5,440	*(31.2)*	11,349	13,262	*(14.4)*
Net commission income	(2)	(2)	*(8.1)*	17	16	*9.4*	15	13	*12.3*
Financial income/expense (**)	292	651	*(55.2)*	1,078	1,198	*(10.1)*	1,370	1,849	*(25.9)*
Net interest income	*255*	*312*		*1,003*	*1,065*		*1,258*	*1,377*	
Other income and charges	*68*	*339*		*98*	*94*		*166*	*433*	
Realised gains and losses	*38*	*1*		*(50)*	*69*		*(12)*	*70*	
Unrealised gains and losses	*(69)*	*(1)*		*27*	*(30)*		*(42)*	*(31)*	
Net charges relating to claims	(4,324)	(5,070)	*(14.7)*	(4,438)	(6,097)	*(27.2)*	(8,763)	(11,167)	*(21.5)*
Operating expenses	(2,202)	(2,254)	*(2.3)*	(232)	(244)	*(4.9)*	(2,435)	(2,498)	*(2.6)*
Commissions and other acquisition costs	*(1,744)*	*(1,751)*	*(0.4)*	*(101)*	*(113)*	*(11.0)*	*(1,845)*	*(1,864)*	*(1.1)*
Other expenses	*(458)*	*(503)*	*(8.9)*	*(132)*	*(131)*	*0.3*	*(590)*	*(634)*	*(7.0)*
Other income/charges	(264)	(246)	*(7.2)*	(98)	(87)	*(12.8)*	(362)	(333)	*(8.7)*
Pre-tax profit (loss)	**1,104**	**901**	*22.5*	**71**	**226**	*(68.7)*	**1,175**	**1,127**	*4.2*
Income taxes	(279)	(164)	*70.1*	4	(59)	*(106.2)*	(275)	(223)	*23.4*
Profit (loss) from discontinued operations									
Consolidated profit (loss)	**825**	**737**	*11.9*	**74**	**166**	*(55.5)*	**899**	**904**	*(0.5)*
Profit (loss) attributable to the Group									
Profit (loss) attributable to non-controlling									

(*) The real estate sector only includes Group real estate companies
(**) excluding net gains and losses on financial instruments at fair value through profit or loss for which investment risk is borne by customers (index- and unit linked) and arising from pension fund management

The factors that marked the economic performance of the Group included the following:

- **direct insurance premiums**, gross of reinsurance, totalled €12,210m (€14,014m at 31/12/2019, -12.9%). Non-Life direct premiums amounted to €7,882m (€8,167m at 31/12/2019, -3.5%) and Life direct premiums amounted to €4,328m (€5,847m at 31/12/2019, -26%), of which €569m related to investment products in the Life business (€393m at 31/12/2019);
- **premiums earned**, net of reinsurance, were €11,349m (€13,262m at 31/12/2019, -14.4%), of which €7,605m from the Non-Life business (€7,822m at 31/12/2019, -2.8%) and €3,744m from the Life business (€5,440m at 31/12/2019, -31.2%);
- **net charges relating to claims**, net of reinsurance, were €8,763m (€11,167m at 31/12/2019, -21.5%), of which €4,324m in the Non-Life business (€5,070m at 31/12/2019, -14.7%) and €4,438m in the Life business (€6,097m at 31/12/2019, -27.2%), including €82m of net gains on financial assets and liabilities at fair value (net gains of €183m at 31/12/2019);
- **operating expenses** amounted to €2,589m (€2,692m at 31/12/2019). In the Non-Life business, operating expenses amounted to €2,202m (€2,254m at 31/12/2019), €232m in the Life business (€244m at 31/12/2019), €142m in the Holding and Other Businesses sector (€191m at 31/12/2019) and €31m in the Real Estate sector (€22m at 31/12/2019);
- the **combined ratio**, net of reinsurance, of the Non-Life business was 87% (94.2% at 31/12/2019);

Holding and Other businesses Sector			Real Estate Sector (*)			Intersegment elimination		Total Consolidated		
Dec-2020	Dec-2019	% var.	**Dec-2020**	Dec-2019	% var.	**Dec-2020**	Dec-2019	**Dec-2020**	Dec-2019	% var.
								11,349	13,262	(14.4)
9	8	11.6				(9)	(8)	14	13	6.0
(45)	301	n.s.	6	(33)	n.s.	(11)	(13)	1,319	2,104	(37.3)
(50)	*(49)*		*(2)*	*(5)*				*1,206*	*1,323*	
4	*276*		*26*	*14*		*(11)*	*(13)*	*185*	*709*	
30	*101*		*6*					*24*	*171*	
(30)	*(27)*		*(25)*	*(42)*				*(96)*	*(100)*	
								(8,763)	(11,167)	(21.5)
(142)	(191)	(25.9)	(31)	(22)	40.6	18	20	(2,589)	(2,692)	(3.8)
							1	*(1,845)*	*(1,864)*	(1.0)
(142)	*(191)*	(25.9)	*(31)*	*(22)*	40.6	*18*	*19*	*(744)*	*(828)*	(10.1)
64	92	(30.6)	(9)	6	n.s.	2	1	(305)	(234)	(30.5)
(114)	**209**	n.s.	**(34)**	**(49)**	29.5			**1,026**	**1,287**	(20.3)
112	18	n.s.	2	5	(66.9)			(162)	(201)	(19.4)
(2)	**227**	n.s.	**(33)**	**(44)**	25.3			**864**	**1,087**	(20.5)
								707	*903*	
								157	*184*	

- **net gains on investments and financial income** from financial assets and liabilities (excluding net gains on financial assets and liabilities at fair value relating to Life business) amounted to €1,319m (€2,104m at 31/12/2019);
- the **pre-tax profit (loss)** amounted to €1,026m (€1,287m at 31/12/2019);
- **taxes** for the period represented a net expense of €162m (expense of €201m at 31/12/2019);
- net of €157m profit attributable to non-controlling interests, the **profit attributable to the owners of the Parent** at 31 December 2020 was €707m (profit of €903m at 31/12/2019, the normalised profit attributable to the owners of the Parent was €569m).

Insurance Sector performance

The Group's insurance business closed with a total **pre-tax profit of €1,175m** (€1,127m at 31/12/2019, +4.2%), of which €1,104m relating to the Non-Life sector (€901m at 31/12/2019, +22.5%) and €71m relating to the Life sector (€226m at 31/12/2019, -68.7%). The normalised pre-tax profit for the insurance business at 31 December 2020 was €1,195m (€1,046m at 31/12/2019, +14.2%). It should be remembered that the result at 31 December 2019 included badwill of €176m deriving from the effects of first-time consolidation at equity of the interest in BPER Banca, plus other non-recurring expenses for €96m, whereas the result at 31 December 2020 includes expense of €20m deriving from partial correction of the aforementioned badwill against dilution of the investment in BPER Banca.

At 31 December 2020, **Investments and cash and cash equivalents** of the Insurance sector amounted to €66,372m (€64,685m at 31/12/2019), of which €16,768m from the Non-Life business (€16,783m at 31/12/2019) and €49,604m from the Life business (€47,902m at 31/12/2019).

Technical provisions amounted to €57,707m (€57,567m at 31/12/2019), of which €14,388m in the Non-Life business (€15,067m at 31/12/2019) and €43,319m in the Life business (€42,500m at 31/12/2019).

Financial liabilities amounted to €7,029m (€5,852m at 31/12/2019), of which €1,947m in the Non-Life business (€2,133m at 31/12/2019) and €5,082m in the Life business (€3,719m at 31/12/2019). The change relates to the increase in liabilities relating to contracts with risk borne by policyholders.

Total premiums (direct and indirect premiums and investment products) at 31 December 2020 amounted to €12,436m (€14,298m at 31/12/2019, -13%). Non-Life direct premiums amounted to €8,107m (€8,451m at 31/12/2019, -4.1%) and Life direct premiums amounted to €4,328m (€5,847m at 31/12/2019, -26%), of which €569m related to Investment products (€393m at 31/12/2019).

All Non-Life premiums of the Group insurance companies are classified under insurance premiums, as they meet the requirements of the IFRS 4 standard (presence of significant insurance risk).
As for Life premiums, investment products at 31 December 2020, for €569m, related to Class III (Unit- and Index-Linked policies) and Class VI (pension funds).

Direct premiums amounted to €12,210m (€14,014m at 31/12/2019, -12.9%), of which Non-Life premiums totalled €7,882m (-3.5%) and Life premiums €4,328m (-26%).

Amounts in €m	**31/12/2020**	*% comp.*	31/12/2019	*% comp.*	*% var.*
Non-Life direct premiums	7,882	*64.6*	8,167	*58.3*	*(3.5)*
Life direct premiums	4,328	*35.4*	5,847	*41.7*	*(26.0)*
Total direct premium income	**12,210**	***100.0***	**14,014**	***100.0***	***(12.9)***

Non-Life and Life **indirect premiums** totalled €226m at 31 December 2020 (€285m at 31/12/2019), €226m of which referred to premiums from Non-Life business (€284m at 31/12/2019) and €0.3m to the Life business (€0.4m at 31/12/2019).

Amounts in €m	**31/12/2020**	*comp. %*	31/12/2019	*% comp.*	*% var.*
Non-Life indirect premiums	226	*99.9*	284	*99.9*	*(20.6)*
Life indirect premiums		*0.1*		*0.1*	*(16.5)*
Total indirect premiums	**226**	***100.0***	**285**	***100.0***	***(20.6)***

Group **premiums ceded** totalled €454m (€463m at 31/12/2019), €440m of which from Non-Life premiums ceded (€448m at 31/12/2019) and €15m from Life premiums ceded (€14m at 31/12/2019). The retention ratios remained essentially unchanged both in the Non-Life and Life businesses.

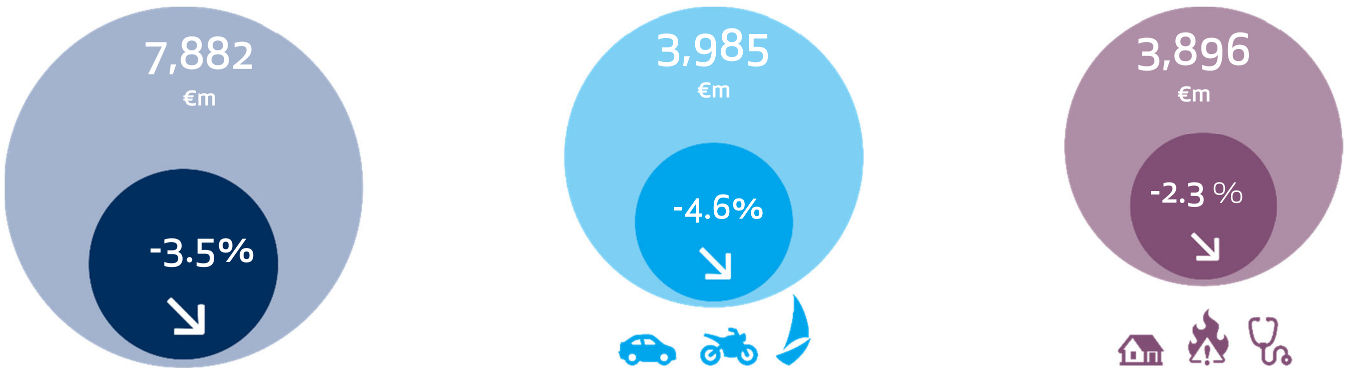
Amounts in €m	**31/12/2020**	*comp. %*	31/12/2019	*% comp.*	*% var.*
Non-Life ceded premiums	440	*96.8*	448	*96.9*	*(1.9)*
Retention ratio - Non-Life business (%)	*94.6%*		*94.7%*		
Life ceded premiums	15	*3.2*	14	*3.1*	*0.7*
Retention ratio - Life business (%)	*99.6%*		*99.7%*		
Total premiums ceded	**454**	***100.0***	**463**	***100.0***	***(1.8)***
Overall retention ratio (%)	*96.2%*		*96.7%*		

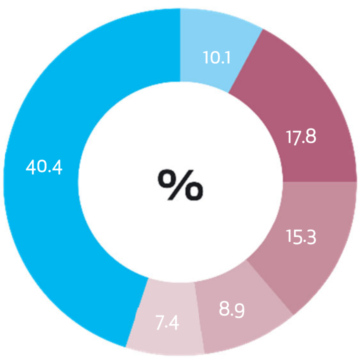
At 31 December 2020 the premiums ceded generated an overall positive result for reinsurers, both in the Non-Life and in the Life businesses.

Non-Life business

Total Non-Life premiums (direct and indirect) at 31 December 2020 were €8,107m (€8,451m at 31/12/2019, -4.1%). **Direct business** premiums alone amounted to €7,882m (€8,167m at 31/12/2019), down by 3.5%.

Non-Life business direct premiums





Amounts in €m	31/12/2020	%	31/12/2019	%	% var.
Land, sea, lake and river motor vehicles TPL (classes 10 and 12)	3,188		3,422		*(6.8)*
Land Vehicle Hulls (class 3)	797		756		*5.4*
Total premiums - Motor Vehicles	**3,985**	*50.6*	**4,178**	*51.2*	*(4.6)*
Accident and Health (classes 1 and 2)	1,403		1,431		*(2.0)*
Fire and Other damage to property (classes 8 and 9)	1,209		1,211		*(0.1)*
General TPL (class 13)	704		727		*(3.2)*
Other classes	580		620		*(6.4)*
Total premiums - Non-M-V	**3,896**	***49.4***	**3,989**	***48.8***	***(2.3)***
Total Non-Life direct premiums	**7,882**	***100.0***	**8,167**	***100.0***	***(3.5)***

In the **MV segment**, direct MV TPL premiums amounted to €3,188m, down 6.8% on 31 December 2019, the performance of which was also affected by measures adopted by the Group to protect customers, such as the #UnMesePerTe initiative. An increase of 5.4% was instead reported in the Land Vehicle Hulls class with premiums equal to €797m (€756m at 31/12/2019). The **Non-MV segment**, with premiums of €3,896m, recorded 2.3% decline.

Non-Life claims

Claim trends benefitted from the slowdown in road traffic triggered by the measures for the containment of the COVID-19 pandemic required during the two waves in the course of 2020: there was therefore a reduction both in the frequency of MV TPL claims and in other guarantees linked to vehicles. Furthermore, the year 2020 was impacted to a lesser extent than 2019 by damage from atmospheric events, which in any event continued to reach sustained levels, bearing witness to climate changes under way and on which there were lower reinsurance recoveries.

The number of claims reported, without considering the MV TPL class, fell by 16%.

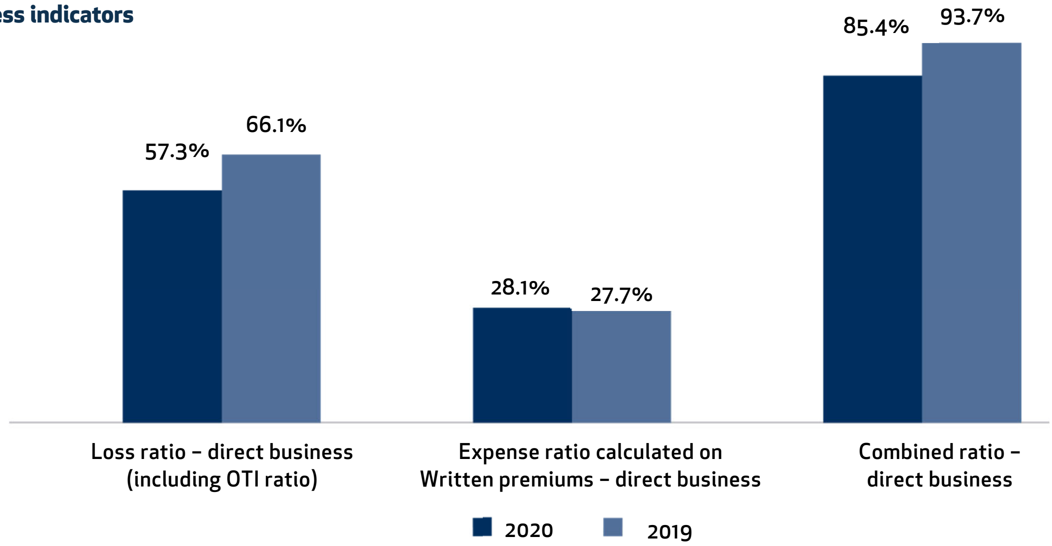
Number of claims reported (excluding MV TPL)

	31/12/2020	31/12/2019	*% var.*
Land Vehicle Hulls (class 3)	287,441	362,632	*(20.7)*
Accident (class 1)	96,228	135,264	*(28.9)*
Health (class 2)	3,624,701	4,273,662	*(15.2)*
Fire and Other damage to property (classes 8 and 9)	318,148	334,751	*(5.0)*
General TPL (class 13)	82,766	93,521	*(11.5)*
Other classes	417,550	549,428	*(24.0)*
Total	**4,826,834**	**5,749,258**	***(16.0)***

As regards the MV TPL class, where the CARD[40] agreement is applied, in 2020 cases reported relating to "fault" claims (Non-Card, Debtor Card or Natural Card) totalled 460,553, down by 27.6% (636,005 in 2019). The decline in claims was caused by the decreased circulation of vehicles due to the governmental restrictions imposed to limit the spread of the COVID-19 epidemic. The decrease in claims regarded in particular those in the medium-low range, so the average cost of claims reported was higher than in the past.
Claims reported that present at least a Debtor Card claims handling numbered 262,061, down by 29.1% compared to the same period in the previous year.
Handler Card claims were 333,956 (including 75,883 Natural Card claims, i.e. claims between policyholders at the same company), down by 30.8% compared to the previous year. The settlement rate in 2020 was 81.5%, down slightly from the same period of last year (82.3%).
The weight of cases to which the Card agreement may be applied (both Handler Card and Debtor Card claims) out of total cases (Non-Card + Handler Card + Debtor Card) in 2020 was equal to 82.9% (84.3% in 2019).
The average cost (amount paid plus amount reserved) for claims reported and handled (including claims reported late) increased by 6.8% in 2020 (-0.6% in 2019). The average cost of the amount paid out rose by 4.2% (+6.2% in 2019).

[40] CARD - Convenzione tra Assicuratori per il Risarcimento Diretto: Agreement between Insurers for Direct Compensation: MV TPL claims may be classified as one of three cases of claims managed:
- Non-Card claims: claims governed by the ordinary regime, to which CARD is not applied;
- Debtor Card claims: claims governed by CARD where "our" policyholder is fully or partially liable, which are settled by the counterparty's insurance companies, to which "our" insurance company must pay a flat rate pay-out ("Debtor Flat Rate");
- Handler Card claims: claims governed by CARD where "our" policyholder is fully or partially not liable, which are settled by "our" insurance company, to which the counterparty's insurance companies must pay a flat rate pay-out ("Handler Flat Rate").
However, it must be noted that this classification is a simplified representation because, in reality, each individual claim may contain damages included in each of the three above-indicated cases.

Non-Life business indicators



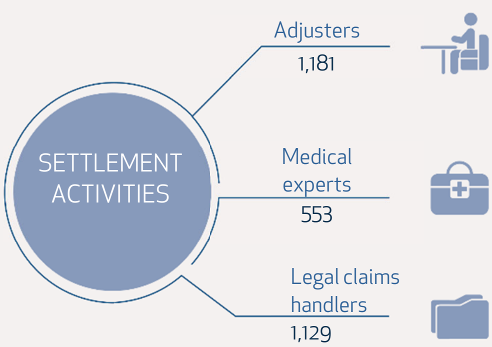
The net profit (loss) of the claims experience for the main businesses is provided in the following table (in €m):

Non-Life business	Net breakdown at 31/12/2020	Net breakdown at 31/12/2019
MV TPL (classes 10 and 12)	165	170
Land Vehicle Hulls (class 3)	12	10
General TPL (class 13)	186	159
Other Classes	187	245
TOTAL	**550**	**583**

Settlement performance

Settlement activities involve various entities with which close area partnership agreements are in place. The partnerships operate by applying the key values of our services

- FAIRNESS
- EFFICIENCY
- QUALITY



New products

During 2020, the new anti-abandonment device Qshino, created by UnipolSai in partnership with AlfaEvolution Technology, was introduced in the MV TPL and Land Vehicle Hulls segment, to combat the frequent phenomenon of children being forgotten in the car. The device, developed to boost growth in the mobility ecosystem, is certified and compliant with the technical requirements of decree no. 122 of 2 October 2019, called "Salva Bebè", which made the installation of anti-abandonment devices compulsory for those who drive with children under 4 years old in the car.

Please also note the new Linear Assicurazioni brand product Poste Guidare Sicuri LN, created based on a partnership between the Unipol Group and Poste Italiane. It is a complete product for MV TPL, Other MV risks and Land Vehicle Hulls insurance, available at the post office network.

As concerns the Non-MV product line, in 2020 specific Health products were created in order to combat the COVID-19 health emergency, as described below:

- Polizza Salute - #AndràTuttoBene and UnipolSai Salute Ricovero - #AndràTuttoBene Premium, designed as the insurance response to the COVID-19 emergency and intended, as concerns the former, for businesses wishing to insure their employees (with the possibility of extending coverage to family members as well) and as regards the latter for natural persons and their nuclear families (free of charge for children from 0 to 14 years of age);
- Health Card - #SicuriRipartiamo designed for the world of work. To provide concrete support to businesses in living with the coronavirus;
- UnipolSai - Salute&Prevenzione, which increases the healthcare range with coverage focusing on preventive care and on illness or accident diagnostics.
- UnipolSai Salute Ricovero +SalutePerTe Fidelity, targeting all customers who have used the UnipolSai app to activate insurance coverage reserved by the #UniSalutePerTe initiative for themselves and their family members and UnipolSai Salute Ricovero +SalutePerTe for all new UnipolSai customers or customers who were unable to activate coverage under the #UniSalutePerTe initiative through the UnipolSai app.

Please also take note of the following actions:

- new UnipolSai Infortuni Premium 2.0 product, the distinctive feature of which is the personalisation of the form of insurance, to be selected from the Individual or Nuclear Family options;
- new UnipolSai Mondo Professionista product, to replace the previous UnipolSai Professione and UnipolSai Professione Ingegnere&Architetto products, designed as the insurance response to a continuously evolving sector, in relation to how people carry out professional activities and in relation to the attribution of completely new functions to professionals, proposing significant new features in the content of the guarantees offered.

Lastly, please note the Long-Term Rental (LTR) activity, concluded in 2020 with the rental of more than 1,500 vehicles. This is a significant result considering the difficulties arising from the pandemic, which confirms the validity of the project launched with the investment in the company UnipolRental. The LTR market is continuously expanding as it evolves from an ownership approach to a utilisation approach, also thanks to the widespread Group point of sale network - unique within Italy - and the presence of LTR at the Specialist Agencies.

Non-Life premiums of the main Group insurance companies

The direct premiums of **UnipolSai**, the Group's main company, stood at €6,772m (-3.1%), of which €3,736m in the MV classes (-4.9%) and €3,036m in the Non-MV classes (-0.9%).

UnipolSai Assicurazioni Spa - Non-Life business direct premiums

Amounts in €m	**31/12/2020**	*% comp.*	31/12/2019	*% comp.*	*% var.*
Land, sea, lake and river motor vehicles TPL (classes 10 and 12)	2,980		3,209		*(7.2)*
Land Vehicle Hulls (class 3)	756		718		*5.4*
Total premiums - Motor Vehicles	**3,736**	***55.2***	**3,927**	***56.2***	***(4.9)***
Accident and Health (classes 1 and 2)	801		806		*(0.7)*
Fire and Other damage to property (classes 8 and 9)	1,144		1,148		*(0.3)*
General TPL (class 13)	685		710		*(3.6)*
Other classes	406		399		*1.8*
Total premiums - Non-M-V	**3,036**	***44.8***	**3,063**	***43.8***	***(0.9)***
Total Non-Life premiums	**6,772**	***100.0***	**6,990**	***100.0***	***(3.1)***

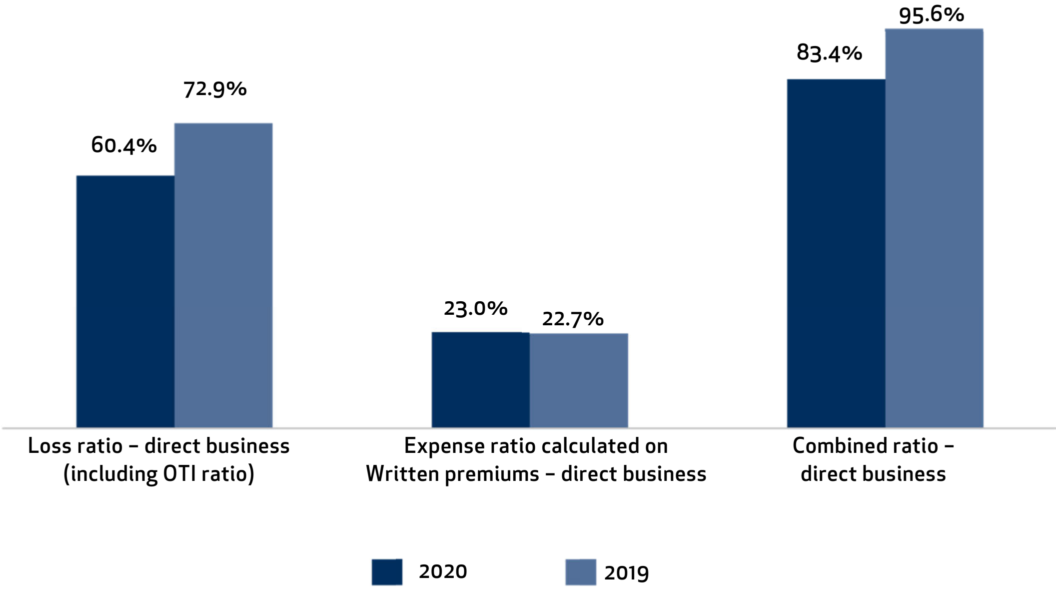
In the **MV** classes, €2,980m related to premiums in the MV TPL class and Sea, Lake and River Vessels TPL class (€3,209m at 31/12/2019, -7.2%).

In the **MV** segment, the result in the first half of the year was confirmed, with a reduction in premiums in the MV TPL class as a result of the decline in the average premium, also impacted by the facilitation provided to customers as part of the #UnMesePerTe campaign, offset by sustained growth in Land Vehicle Hulls business during the period. The number of vehicles in the portfolio declined on the whole due to a lower contribution of new business. However, company car fleets recorded good development, in line with market trends, which reward innovative vehicle use methods (long-term rental and car sharing in particular). As regards the Land Vehicle Hulls business, premium growth was due to the widespread development of single policies as well as the cumulative policies sector. The number of claims declined significantly, particularly due to guarantees more strictly connected to road traffic trends, as well as the cost of claims. The overall result of this class, as a result of the factors described above, is positive and improving compared to previous years.

Also in 2020, actions were put into place to improve settlement processes for MV claims. For example, the **Black Box** project continued, with a view to increasing the effectiveness of boxes and the set of data available. With a view to developing the electronic settlement process and the innovative use of information provided by black boxes for MV claims (in particular, verifying consistency between statements provided and the actual dynamics of the event), in 2020 efforts were made to renew the "Unico" electronic portal, re-engineering the system and re-designing the application, which will be available in early 2021.
The **Real Time 2.0** process was optimised in 2020, which envisages the opening of a claim from the moment of a crash detected in black box data, at the same time triggering initial contact with the policyholder and anticipating the information collection stage. A number of benefits can be achieved with this process: primarily the ability to combat fraud (strengthening prevention thereof), in addition to a reduction in claims management times and a decrease in the number of disputes, with the consequent reduction of the average cost and an increase in the settlement rate to the advantage of the insured customers as well, in addition to the punctual management of claims relating to the CARD agreement.
As concerns the optimisation of the management of **claims with injuries**, in September 2020 an evolution of the semantic search engine was released for reading emergency room certificate data, for the prompt identification of severe injuries, making it possible to automatically recognise types of significant trauma, in order to allow for a rapid assessment by the adjuster in terms of provisions and automatic transfer of the position, if outside its limits of autonomy, to the Over structures.

In the **Non-MV** business, the reduction in premiums was seen across segments, with the exception of Health, driven by the programmes put into place to handle the COVID-19 emergency, such as the free extension of the coverage set forth in the contracts for the "hospitalisation indemnity" guarantee or "substitute indemnity" for days of quarantine spent at home after testing positive for the virus, as well as the creation of specific new products (already described extensively in the "New products" section above). Claims were down as a result of the continuation of the pandemic, which reduced requests for services, especially not strictly urgent diagnostics/specialist services, which, along with rising premiums, resulted in an improvement in the results of this class.

MV TPL indicators - UnipolSai



With reference to the Accident class, in the segment of collective risk coverage, relief and extensions were granted on insurance premium payments for the customers most impacted by the shutdown of business activities and, therefore, new acquisitions had a limited impact on development. Both the number of claims and the total cost of claims however marked a significant decline, following the restrictive measures and initiatives to limit the pandemic adopted at national or local level, which triggered a slowdown in activities in sectors characterised by a high frequency of occurrence. These trends have allowed the class to record a broadly positive technical balance.

Amongst the other actions taken during 2020 to achieve an efficient settlement process, please also note:
- the Medical Report Centre (CPM), a service offered to the injured customer with non-severe injuries (MV, Accident or General TPL), who is offered the option to perform the medical-legal examination directly at the offices of the Group and then to be paid promptly;
- video appraisal, which enables the trustee to gather documents supporting the virtual resolution of the claim;
- the use of satellite data for the General Classes, thanks to the new advanced Lorenz weather data collection tool, which enables the adjuster and the trustee to use meteorological information, provided by the main weather providers, for the optimal definition of the claim;
- direct repair for the General Classes, to offer customers an innovative service, similar to what is present for the MV Classes, thanks to the "direct repair intervention" process.

UniSalute confirms its leadership in the Health sector, boosting direct business by 7.7% thanks to the acquisition of important new corporate contracts; total premiums (inclusive of indirect business) came to €509.5m (€489.2m at 31/12/2019), up by 4.2%.
The number of claims reported declined by 15.4%, from 3,851,034 in 2019 to 3,256,143 in the period under review, due to the trends already described linked to COVID-19. 2020 also posted a profit of €44.3m (€34.2m at the end of 2019), up by 29.3%.

Linear, a company specialised in direct sales (online and call centre) of MV products, in 2020 generated a profit of €23.8m (€9.8m at 31/12/2019). Total gross premiums, amounting to €185.3m, recorded a 0.6% increase on 2019, particularly in the Land Vehicle Hulls class (+9.2%). The partnership for the sale of Home Assistance insurance with Hera, an Italian multiutility based in Bologna, recorded premiums written for €2.2m in 2020. Contracts in the portfolio at the end of 2020 were close to 661k units (+5.3%), an all-time high for the Company.

SIAT recorded a roughly €4m profit in 2020 (€0.1m at 31/12/2019) with total gross premiums (direct and indirect) at €149.4m (€159.8m in 2019). In general terms, business was down for the year (-6.5%), essentially referring to direct business and, within this segment, the Hulls sector: for this sector, an in-depth portfolio review and selection was performed, following the actions undertaken for the necessary improvement of the technical balance.

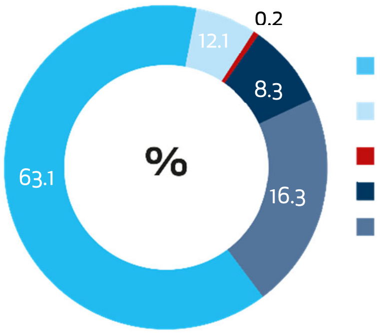
Arca Assicurazioni achieved a net profit at 31 December 2020 of €35.1m (+26.3%), recording direct premiums for €140.4m (+3.0%), with a significant increase in the Non-MV classes (+5.8%) and a decrease in the MV segment (-5%). The breakdown of the portfolio among the distribution channels is almost totally focused on the banking channel which, at 31 December 2020, recorded 98.5% of the total Non-Life premiums (98.3% at 31/12/2019). Overall, the banking channel recorded a 3.3% increase in premiums compared to the previous year, with premiums written totalling approximately €138.4m.

Incontra Assicurazioni recorded a €15m profit at 31 December 2020 (profit of €9.7m at 31/12/2019), with premiums equal to €84.3m, down compared to the previous year (€185m in 2019), mainly concentrated in the Health and Pecuniary Losses classes (respectively 56% and 28%, respectively, of the total gross premiums written). The decrease can be primarily attributed to the effects of the health emergency, caused by the spread of the COVID-19 pandemic starting in February. Since that date, there has been a reduction in physical insurance product distribution activities caused by the temporary impossibility for customers to move freely to go to UniCredit branches, measures to protect customers as well as employees and the priority commitment made by bank branches to perform primary activities in accordance with government requirements. In any event, the loss ratio remained at rather low levels, although it was up slightly (24% compared to 21% in 2019). At 31 December 2020, the volume of total investments reached €262m (€256m at 31/12/2019), almost entirely concentrated in available-for-sale financial assets, while gross technical provisions amounted to €326m (€325m at 31/12/2019).

DDOR Novi Sad recorded a €10.8m profit (Non-Life and Life businesses) at 31 December 2020 (up from €7.3m at 31/12/2019) following a growth in premiums (Non-Life and Life businesses), from €100.9m at the end of 2019 (of which €85.3m in the Non-Life segment) to €105.4m at 31 December 2020 (of which €88.4m in the Non-Life business). Despite the generalised economic uncertainty linked to the pandemic situation, unlike in the majority of European countries, Serbia's macroeconomic indicators show strong resilience, with an improving unemployment rate, against a basically stable inflation rate and industrial growth. The company continues to be a sector leader, with Non-Life premium growth of 3.6% and Life premium growth of 9.8%.

Life business

Total Life premiums (direct and indirect) were €4,328m (€5,847m at 31/12/2019, -26%). The **direct premiums**, which represent almost all of the premiums, are broken down as follows:



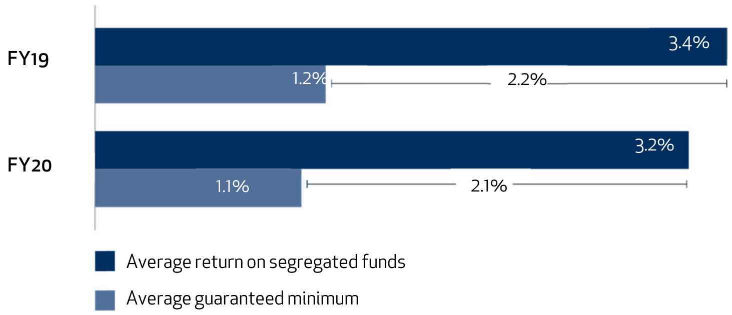
Amounts in €m	31/12/2020	%	31/12/2019	%	% var.
I - Whole and term Life insurance	2,732	63.1	3,717	63.6	(26.5)
III - Unit-linked/index-linked policies	522	12.1	375	6.4	39.2
IV - Health	7	0.2	6	0.1	14.9
V - Capitalisation insurance	361	8.3	481	8.2	(25.0)
VI - Pension funds	707	16.3	1,268	21.7	(44.2)
Total Life business direct premium income	**4,328**	**100.0**	**5,847**	**100.0**	**(26.0)**
- of which Life investment products	569	100.0	393	100.0	45.0

At 31 December 2020, the direct premium volume was equal to €4,328m, a decline of 26% with respect to 31 December 2019. Investment products, totalling €569m (€393m at 31/12/2019), were primarily related to Class III.

At 31 December 2020, new business in terms of **APE**, net of non-controlling interests, amounted to €397m (€493m at 31/12/2019, -19.4%), of which €66m contributed by bancassurance companies (-28.2%) and €332m by traditional companies (-17.3%).

The ***expense ratio*** of Life direct business was 5.0% (3.8% at 31/12/2019).

Returns on Segregated Funds and guaranteed minimums



Pension Funds

In the second half of 2020, the UnipolSai Group, due to the continuation of unfavourable financial market conditions, decided to participate only in certain tenders to renew management mandates with guaranteed results that were expiring.

At 31 December 2020, with the subsidiary UnipolSai Assicurazioni, it managed a total of 21 mandates for **Occupational Pension Funds** (17 of them for accounts "with guaranteed capital and/or minimum return"). At the same date, resources under management totalled €4,012m (€3,414m of which with guaranteed capital). At 31 December 2019, a total of 25 occupational pension funds were managed (19 of them for accounts "with guaranteed capital and/or minimum return") and resources came to €4,777m (of which €4,093m with guaranteed capital).

At 31 December 2020, the assets of the **Open Pension Funds** managed by UnipolSai and BIM (UnipolSai Previdenza FPA, Fondo Pensione Aperto BIM Vita) reached a total of €914m with 41,427 members. At 31 December 2019, the Open Pension Funds managed total assets of €908m and a total of 42,277 members.

New products

The update of the Class I product range in the first quarter of 2020 with the new version of the Investimento Garantito Fidelity product introduced as its main new feature the recognition of financial guarantees in the case of surrender starting from the tenth year with a minimum benefit equal to the capital invested. At the same time, a minimum contract duration of 15 years was established.
In Class V, the new version of the Investimento Capital Fidelity product introduces the recognition of a financial guarantee only on expiry of the contract.

As of 7 September 2020, the Group began marketing the new single premium multisegment product UnipolSai Investimento MixSostenibile, with the option of making additional payments. The new product was designed with a view to integrating ESG (Environmental, Social and Governance) factors within investment selection and management, combining yield and risk control objectives with the target of promoting responsible, inclusive and environmentally friendly development.

To complement the Protection offer, in November 2020 the new product UnipolSai TCM KeyPlayer began being marketed, a single-year insurance providing coverage in the case of the death of key players. This product expands the range of products covering the risk of death, insuring individuals holding strategic roles or who are difficult to replace in the case of their premature death, which would generate damages for their company.

Life premiums of the main Group insurance companies

Direct premiums for **UnipolSai** were equal to €3,099m (€4,080m at 31/12/2019, -24%).

UnipolSai Assicurazioni Spa - Life business direct premiums

	Amounts in €m	**31/12/2020**	*% comp.*	31/12/2019	*% comp.*	*% var.*
I	Whole and term life insurance	1,862	*60.1*	2,200	*53.9*	*(15.3)*
III	Unit-linked/index-linked policies	165	*5.3*	129	*3.2*	*27.5*
	- of which investment products	*164*	*5.3*	*129*	*3.2*	*27.6*
IV	Health	7	*0.2*	6	*0.1*	*14.9*
V	Capitalisation insurance	361	*11.6*	481	*11.8*	*(25.0)*
VI	Pension funds	704	*22.7*	1,264	*31.0*	*(44.3)*
	- of which investment products	*59*	*1.9*	*26*	*0.6*	*127.3*
Total Life business		**3,099**	***100.0***	**4,080**	***100.0***	***(24.0)***
- of which investment products		**224**	*7.2*	*155*	*3.8*	*44.4*

The sector of individual policies decreased by 18.6% compared to 31 December 2019, mainly as a result of the drop in Class I single premiums and, in particular, decreased business for the product UnipolSai Investimento Garantito, which in early 2020 was limited to customers who reinvested sums deriving from benefits due on the basis of other insurance contracts. On the other hand, in 2020 there was an increase in Class III premiums (+35.2%) thanks to the good performance of single-premium Unit-linked and Multisegment products. Again in the individual policies sector, Class IV premiums continued to increase (+19.2%) which, albeit not significant in absolute terms, shows a growing interest in products that guarantee coverage for risks other than death, such as those with long-term care coverage and additional coverage against the onset of serious illnesses that can be combined with the term life product.

The decrease in first year premiums compared to the previous year (-4.8%) can be attributed to a generalised decline in business across all classes: Class I premiums declined by 5.0%, decreases that were also seen in Class III (-2.5%) and Class IV (-25.5%) products.

Premiums on collective policies showed a sharp decrease compared with the same period of the previous year (-31.0%), due almost entirely to Class VI (-45.4%).

In the bancassurance channel, the **Arca Group** (Arca Vita and Arca Vita International) recorded premiums (including investment products) amounting to €1,140m (-32%). The volume of total investments reached the amount of €12,472.9m (€11,123.8m at 31/12/2019).

The profit of Arca Vita, net of dividends collected from the subsidiaries, was €31.4m (in line with 2019), and that of Arca Vita International was €1.3m (+86%).

BIM Vita recorded a profit of €1.5m at the end of 2020, down slightly compared to 31 December 2019 (€1.8m). Gross premiums written amounted to €46m (approximately €56.2m at 31/12/2019). The volume of total investments reached the amount of €675.4m (€638m at 31/12/2019).

Reinsurance

Unipol Group reinsurance policy

With regard to the risks underwritten in the Non-Life business, the reinsurance strategy proposed the same cover structures in place in 2019, maximising the effectiveness of the most operational of the main non-proportional treaties. The renewal for 2020 took place in continuity with those expiring, with a number of improvements from a risk mitigation perspective.

At Group level, the following cover was negotiated and acquired in 2020:
- excess of loss treaties for the protection of MV TPL, General TPL, Fire (by risk and by event), Land Vehicle Hulls weather, Theft, Accident and Transport portfolios;
- stop loss treaty for the Hail class;
- proportional treaties for: Technological risk (C.A.R. - Contractors' All Risks -, Erection all Risks and Decennale Postuma - Ten-year Building Guarantee), Bonds (the retention of which is then protected by a "risk attaching" excess of loss), Aviation (Accident, Aircraft and TPL, the retention of which is protected by a "loss attaching" excess of loss), Legal Expenses, "D&O" and "Cyber" third-party liability.

The risks underwritten in the Life business in 2020 are mainly covered at Group level with two proportional treaties, one for individual risks and one for collective risks in excess of the risk premium. Retention is protected with a non-proportional cover in excess of loss by event that regards the Life and/or Accident classes. There are also two proportional covers for LTC guarantees, one proportional cover for Individual Serious Illnesses and one for Weighted Risks.

To minimise counterparty risk, reinsurance coverage continued to be spread out and placed with the major professional reinsurers that have been given a high credit rating by major rating agencies, in order to provide a comprehensive and competitive service. As regards: Legal Expenses and part of Transport risks, these were instead ceded to specialised reinsurers and/or specialist Group companies.

Real Estate Sector performance

The main **income statement figures for the Real Estate sector** are summarised below:

Income Statement - Real Estate Sector

Amounts in €m	31/12/2020	31/12/2019	% var.
Gains on other financial instruments and investment property	48	26	*87.2*
Other revenue	23	35	*(33.3)*
Total revenue and income	**71**	**60**	***17.8***
Losses on other financial instruments and investment property	(42)	(59)	*(28.4)*
Operating expenses	(31)	(22)	*40.6*
Other costs	(32)	(28)	*14.4*
Total costs and expenses	**(105)**	**(109)**	***(3.4)***
Pre-tax profit (loss) for the year	**(34)**	**(49)**	***29.5***

The pre-tax result at 31 December 2020 was a loss of €34m (-€49m at 31/12/2019), after having applied property write-downs and depreciation of €40m (€59m at 31/12/2019).

Investments and cash and cash equivalents of the Real Estate sector (including instrumental properties for own use) totalled €2,384m at 31 December 2020 (€1,423m at 31/12/2019), consisting of investment property amounting to €1,702m (€760m at 31/12/2019) and Properties for own use totalling €592m (€612m at 31/12/2019). The increase can be attributed primarily to:
- the disposal of several properties owned by UnipolSai and, as such, previously recognised in the insurance sector, for a total of €852m, to the Tikal and Oikos funds, managed by UnipolSai Investimenti SGR, the units of which are 100% held by UnipolSai. Those disposals did not result in the recognition of gains or losses on sale at consolidated level as they were carried out between Unipol Group entities;
- the acquisition through Fondo Emporion, whose shares are wholly owned by UnipolSai and which is managed by UnipolSai Investimenti SGR, of a real estate portfolio consisting of 28 "Coop" brand points of sale owned by Coop Alleanza 3.0 Soc. Coop for a value of €218m.

Financial liabilities, at 31 December 2020, totalled €207m (€232m at 31/12/2019).

Group real estate business[41]

As noted previously, in December 2020 the Fondo Emporion, whose shares are wholly owned by UnipolSai and which is managed by UnipolSai Investimenti SGR, acquired a commercial real estate portfolio consisting of 28 medium or small supermarkets located in the regions of Emilia Romagna (22), Veneto (3) and Marche (3), from Coop Alleanza 3.0 for a total of €218m. During the acquisition, the relative lease contracts were entered into by the Emporion fund and Coop Alleanza 3.0.

During the year, the Group continued to renovate its owned property assets in order to subsequently leverage the refurbished properties with a view to leasing or use for business purposes.

The main projects, partially started in previous years, have been concentrated in the Milan area, and include:
- continued construction of a new multi-storey headquarters building in Piazza Gae Aulenti (Porta Nuova Garibaldi area). The project entails building an approximately 100 metre tall elliptical office tower. The architect's choice of an elliptical shape allows the tower to blend into an already strongly built-up area. The tower will be built with a view to ensuring the best certification in terms of energy and water saving and the ecological quality of the interior spaces (LEED Platinum certification);
- the completion of a headquarters building on via De Castillia (Porta Nuova Garibaldi area). The building, which was internally upgraded during the year to guarantee the maximum flexibility in relation to the number of tenants it will house and the organisation and personalisation that they will adopt in their spaces, is characterised by a modern style and the use of innovative materials, with which it is possible to reduce local atmospheric pollution;

[41] The scope of the disclosure on Group real estate business also includes properties owned by the companies in sectors other than the Real Estate sector.

- the completion of a hotel property on via De Cristoforis (Milano Verticale UNA Esperienze). The hotel, which is expected to open in the second quarter of 2021, was fully renovated, featuring a modern re-engineering of the original design of the facades, which considerably improved the building's energy performance, strongly focusing on sustainability and energy savings;

Also with reference to the Milan area, the "INOLTRE. Sharing the city" project was launched, which aims to enhance and modify the perception of the Milan suburbs, transforming them into a project laboratory that generates micro-architectural, design and applied research initiatives, also thanks to the reflections and actions of some of the most well-known names in the world of art and contemporary architecture.

Other residential and office property requalification activities were developed in various Italian cities mainly in order to subsequently generate income through leasing.

As regards sales, some tourism/hotel properties in Milan, four office properties, including one in Milan and three in Florence and the province of Florence, a farm (land and buildings) in Cisterna di Latina and an industrial building located in the province of Turin were disposed of, in addition to several real estate units located in Milan, Turin, Florence, Rome and the province of Mantua.

Furthermore, in December 2020, the notary deed was signed for the sale of the piazza Velasca property (Torre Velasca) in Milan. The effects of this sale will be seen in 2021, when the recognition deed will be entered into certifying the Public Administration's failure to exercise the pre-emption right.

Lastly, please note the €50m investment in JPM Strategic Property Fund Europe fund units. The fund, managed by J.P. Morgan Asset Management, intends to invest in the real estate sector and more specifically in logistics, office, residential and commercial real estate, with investments only in Europe and a primary focus on Germany, France and the United Kingdom.

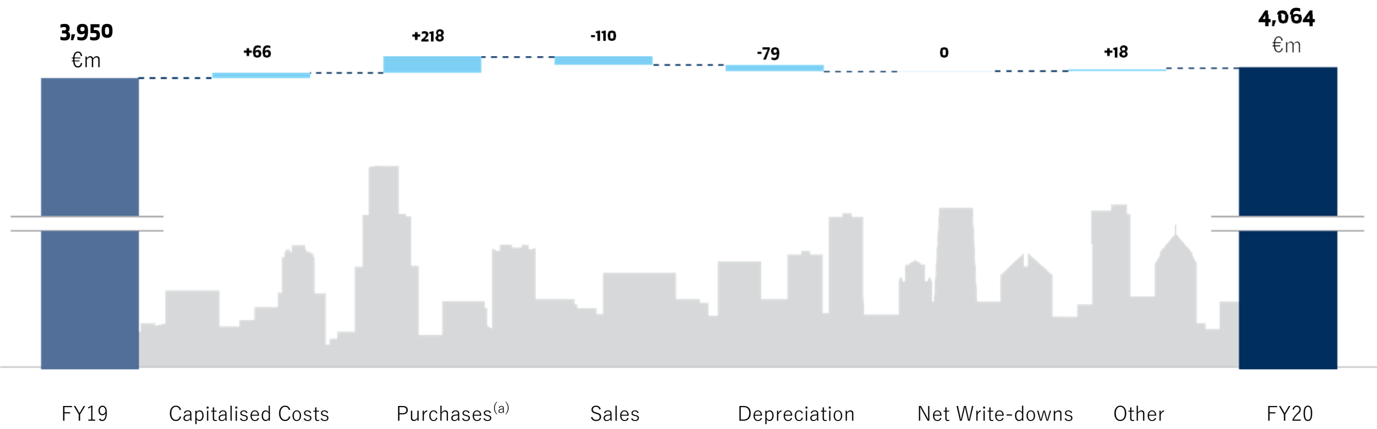
Porta Nuova Project

In the course of the year 2020, an additional €7.8m was collected, of which €5.5m for Profit Participating Bonds and the relative remuneration and €2.3m for Special Interest Bonds and the relative remuneration.

It is estimated that the future collections, expected in two tranches in July 2023 and April 2025, will guarantee the recovery of the remaining investment, plus additional proceeds, the quantification of which is currently uncertain as it relates to the outcome of the guarantees issued to the purchaser.

Evolution of the real estate assets (*)

(Amounts in €m)



(a) 28 completed at 31 December 2020 (118 in 2019)
(*) Operating figures

The balance of €4,064m at 31 December 2020 includes properties managed directly by Group companies for €3,709m, properties held for sale for €203m and €152m investments in real estate funds managed by third parties.

Holding and Other Businesses Sector Performance

The main **income statement figures for the Holding and Other Businesses sector** are summarised below:

Income Statement - Holding and Other Businesses Sector

Amounts in €m	**31/12/2020**	31/12/2019	*% var.*
Commission income	9	8	*13.2*
Gains (losses) on financial instruments at fair value through profit or loss	3	6	*(51.0)*
Gains on investments in subsidiaries, associates and interests in joint ventures	8	277	*(97.2)*
Gains on other financial instruments and investment property	73	151	*(51.4)*
Other revenue	124	245	*(49.4)*
Total revenue and income	**218**	**688**	***(68.3)***
Commission expense	(1)	(1)	*34.7*
Losses on other financial instruments and investment property	(130)	(134)	*(3.3)*
Operating expenses	(142)	(191)	*(25.9)*
Other costs	(60)	(153)	*(60.7)*
Total costs and expenses	**(332)**	**(479)**	***(30.6)***
Pre-tax profit (loss) for the year	**(114)**	**209**	***n.s.***

The **pre-tax result** at 31 December 2020 was a loss of €114m (profit of €209m at 31/12/2019). It should be remembered that the result at 31 December 2019 included badwill of €244m deriving from the effects of first-time consolidation at equity of the interest in BPER Banca, and that the result at 31 December 2020 includes expense of €21m deriving from partial correction of the aforementioned badwill against dilution of the investment in BPER Banca.
The items Other revenue and Other costs include revenue and costs for secondment of personnel and for services provided to and received from companies of the Group belonging to other sectors, eliminated during the consolidation process.

At 31 December 2020, **Investments and cash and cash equivalents** of the Holding and Other Businesses sector (including properties for own use of €117m) totalled €3,483m (€2,442m at 31/12/2019).

Financial liabilities amounted to €3,460m (€2,481m at 31/12/2019) and mainly consist of the following:

- for €2,741m by four senior bond loans issued by Unipol with a total nominal value of €2,731m (€1,813m at 31/12/2019, nominal value €1,817m);
- for €700m by loans payable in place with the subsidiary UnipolSai by Unipol and UnipolReC (€636m at 31/12/2019), subject to netting outside the segment.

In 2020, sector companies faced the COVID-19 emergency which, for Gruppo UNA and, to a lesser extent, Tenute del Cerro, heavily impacted company turnover, directing significant efforts towards the systematic reduction of the cost structure.

As regards the hotel sector, the revenues of the subsidiary **Gruppo UNA** declined by 73% compared to 2019, from roughly €128m to around €34.5m, reflecting the collapse in bookings and the closure of more than half of the structures in the March-May and November-December periods. Despite the 53% reduction in operating expenses, due to the high fixed costs component, the company closed 2020 with a loss of roughly €23m.

As concerns agricultural activities, packaged wine sales of the company **Tenute del Cerro** recorded a decrease of 5.8% compared to 31 December 2019 - from €7.7m to €7.3m - while total revenues declined by 10% compared to the previous year, from €9.4m to €8.5m. In any event, a rigorous reduction in operating expenses made it possible to limit the loss for the period to €0.1m.

Casa di Cura Villa Donatello closed 2020 with revenue of €30.2m, up by around 12.8% compared to 2019 (€26.7m). Revenue trends show a continuation of the positive performance in the core business, for hospitalisation (hospital stays and outpatient surgery) as well as clinic activities (visits and diagnostics). The company recorded a profit of €0.4m, up slightly compared to 2019.

The pre-tax profit of the holding **Unipol** at 31 December 2020 was €208m (€264m at 31/12/2019) and, among the most significant items, includes dividends collected by Group companies, netted in the consolidation process, for €308m (€344m at 31/12/2019) and interest expense on bond loans issued for €68m (€61m at 31/12/2019).

Asset and financial performance

Investments and cash and cash equivalents

At 31 December 2020, Group **Investments and cash and cash equivalents** totalled €71,271m, after reclassifying €203m in properties held for sale to the item Non-current assets or assets of a disposal group held for sale pursuant to IFRS 5 (€67,757m at 31/12/2019):

Investments and cash and cash equivalents - Breakdown by business segment

Amounts in €m	**31/12/2020**	*% comp.*	31/12/2019	*% comp.*	*% var.*
Insurance sector	66,372	*93.1*	64,685	*95.5*	*2.6*
Holding and other businesses sector	3,483	*4.9*	2,442	*3.6*	*42.6*
Real Estate sector	2,384	*3.3*	1,423	*2.1*	*67.5*
Intersegment eliminations	(967)	*(1.4)*	(794)	*(1.2)*	*21.9*
Total Investments and cash and cash equivalents	**71,271**	***100.0***	**67,757**	***100.0***	***5.2***

The breakdown by investment category is as follows:

Amounts in €m	**31/12/2020**	*% comp.*	31/12/2019	*% comp.*	*% var.*
Property (*)	**3,709**	***5.2***	**3,624**	***5.3***	***2.3***
Investments in subsidiaries, associates and interests in joint ventures	**1,154**	***1.6***	**1,003**	***1.5***	***15.0***
Held-to-maturity investments	**421**	***0.6***	**455**	***0.7***	***(7.4)***
Loans and receivables	**4,519**	***6.3***	**4,007**	***5.9***	***12.8***
Debt securities	3,936	*5.5*	3,471	*5.1*	*13.4*
Deposits with ceding companies	86	*0.1*	63	*0.1*	*37.2*
Other loans and receivables	497	*0.7*	472	*0.7*	*5.1*
Financial assets at at amortised cost	**423**	***0.6***	**516**	***0.8***	***(18.1)***
Loans and receivables from bank customers	423	*0.6*	516	*0.8*	*(18.1)*
Available-for-sale financial assets	**50,899**	***71.4***	**48,620**	***71.8***	***4.7***
Financial assets at fair value through OCI	**1,601**	***2.2***	**689**	***1.0***	***132.3***
Financial assets at fair value through profit or loss	**7,450**	***10.5***	**7,836**	***11.6***	***(4.9)***
of which held for trading	257	*0.4*	284	*0.4*	*(9.4)*
of which at fair value through profit or loss	7,178	*10.1*	7,466	*11.0*	*(3.9)*
of which mandatorily at fair value	15	*0.0*	86	*0.1*	*(82.3)*
Cash and cash equivalents	**1,095**	***1.5***	**1,007**	***1.5***	***8.7***
Total investments and cash and cash equivalents	**71,271**	***100.0***	**67,757**	***100.0***	***5.2***

(*) including properties for own use

Transactions carried out in the year[42]

Again in 2020, in line with previous years, investment policies adopted the general criteria of prudence and of preserving asset quality over the medium/long term.

[42] The scope of the disclosure on financial transactions, in terms of the breakdown of investments, does not include investments the risk of which is borne by the policyholders and customers and, in terms of companies, does not include the foreign companies DDOR and DDOR Re, the investment values of which are of little significance on the whole within the Group's overall portfolio.

In this respect, operations were geared towards reaching profitability targets consistent with the asset return profile and with the trend in liabilities over the long-term, and the maintenance of a high-quality portfolio through a process of selecting issuers on the basis of their diversification and strength, placing particular attention on the liquidity profile.

The **bond segment** was the main focus of operations, mainly affecting Italian government bonds and non-government bonds, applying a medium/long-term investment approach.
During 2020, a more prudent approach was taken, decreasing risks in the portfolio by assuming positioning consistent with the increase in uncertainties generated by the COVID-19 pandemic: within the governmental segment, a policy was implemented to sell Italian government bonds, partially offset by acquisitions of bonds issued by other European countries.
There was an increase in exposure to the non-governmental bond component: in the Life segment, whose guidelines were inspired by greater issuer diversification and the optimisation of the existing portfolio's risk/return profile, orienting it towards high credit rating categories, there was an increase of €2.45bn. Also in the Non-Life business, there was an increase of €1.37bn in the non-governmental component in order to pursue the usual logics of optimising the risk/return profile.

Asset portfolio simplification activities continued in 2020. There was a €398m overall reduction in exposure to Level 2 and 3 structured bonds.

	31/12/2020			31/12/2019			*variation*	
Amounts in €m	Carrying amount	Market value	Implied +/-	Carrying amount	Market value	Implied +/-	*Carrying amount*	*Market value*
Structured securities - Level 1	40	40		40	40			
Structured securities - Level 2	282	289	7	517	497	(20)	*(235)*	*(208)*
Structured securities - Level 3	2	1	(1)	164	138	(25)	*(162)*	*(137)*
Total structured securities	**323**	**330**	**6**	**721**	**676**	**(45)**	***(398)***	***(346)***

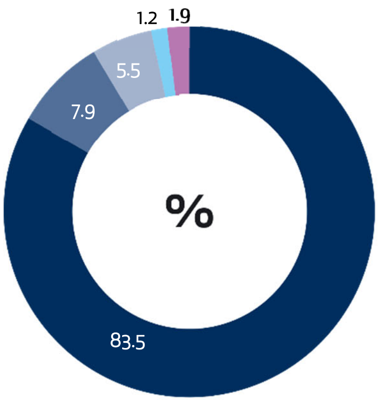
Share exposure decreased by around €579m during 2020. Sales primarily regarded European bonds belonging to the banking sector, both ETFs (Exchange Traded Funds) and single stocks. Almost all equity instruments belong to the main European share indexes.

Exposure to **alternative funds**, a category that includes Private Equity Funds, Hedge Funds and investments in Real Assets, amounted to €1,160m, a net increase of approximately €400m.

Breakdown of financial investments by type

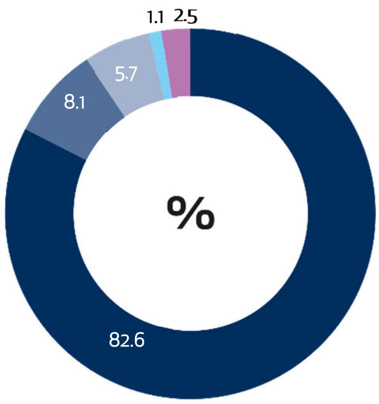
(excluding financial assets for which investment risk is borne by policyholders/customers and arising from pension fund management)

Group Total



- Listed debt securities
- Unlisted debt securities
- UCITS units
- Equity instruments
- Other financial investments
  Included Deposits > 15 days; Cash and cash equivalents; Derivatives

Insurance Sector



Currency transactions were carried out primarily to hedge the currency risk of outstanding equity and bond positions.

The overall ***duration*** was 7.22 years for the Group, up on the 6.56 years recorded at the end of 2019. The Non-Life duration in the Group insurance portfolio was 3.69 years (3.86 years at the end of 2019); the Life duration was 8.68 years (7.64 years at the end of 2019). The Holding and Other Businesses portfolio duration was 0.94 years, up compared to the end of the previous year (0.30 years).

The fixed rate and floating rate components of the bond portfolio amounted respectively to 88.8% and 11.2%. The government component accounted for approximately 64.3% of the bond portfolio whilst the corporate component accounted for the remaining 35.7%, split into 26% financial and 9.8% industrial credit.
89.3% of the bond portfolio was invested in securities with ratings above BBB-. 9% of the total is positioned in classes AAA to AA-, while 16.3% of securities had an A rating. The exposure to securities in the BBB rating class was 63.9% and includes Italian government bonds which make up 45.2% of the total bond portfolio.

Net gains on investments and financial income

The breakdown of net gains (losses) on investments and financial income is shown in the table below:

Net investment income

Amounts in €	**31/12/2020**	% comp.	31/12/2019	% comp.	*% var.*
Gains/losses on investment property	10	0.7	(13)	(0.6)	*n.s.*
Gains/losses on investments in subsidiaries and associates and interests in joint ventures	19	1.3	545	24.0	*(96.5)*
Net gains on held-to-maturity investments	18	1.2	19	0.8	*(1.6)*
Net gains on loans and receivables	26	1.7	97	4.3	*(73.2)*
Net gains on financial assets recognised at amortised cost	24	1.6	33	1.5	*(27.9)*
Net gains on available-for-sale financial assets	1,652	110.6	1,805	79.4	*(8.4)*
Net gains on financial assets at fair value through OCI	10	0.6	68	3.0	*(86.0)*
Net gains on financial assets at fair value through profit or loss (*)	(266)	(17.8)	(283)	(12.5)	*6.2*
Balance on cash and cash equivalents	1	0.1	1	0.0	*17.5*
Total net gains on financial assets, cash and cash equivalents	**1,495**	**100.0**	**2,273**	**100.0**	***(34.2)***
Net losses on held-for-trading financial liabilities and at fair value through profit or loss (*)			(1)		*n.s.*
Net losses on other financial liabilities	(176)		(168)		*4.4*
Total net losses on financial liabilities	**(176)**		**(169)**		***(3.8)***
Total net gains (*)	**1,319**		**2,104**		***(37.3)***
Net gains on financial assets at fair value (**)	157		439		
Net losses on financial liabilities at fair value (**)	(76)		(256)		
Total net gains on financial instruments at fair value (**)	**82**		**183**		
Total net gains on investments and net financial income	**1,401**		**2,287**		***(38.7)***

(*) excluding net gains and losses on financial instruments at *fair value* through profit or loss for which investment risk is borne by customers (index- and unit-linked) and arising from pension fund management
(**) net gains and losses on financial instruments at *fair value* through profit or loss for which investment risk is borne by customers (index- and unit-linked) and arising from pension fund management

Net gains totalled €1,319m at 31 December 2020. It should be remembered that Net gains at 31 December 2019 (€2,104m) included the badwill of €421m deriving from the effects of first-time consolidation at equity of the interest with significant influence in BPER Banca, and that the result at 31 December 2020 includes expense of €41m deriving from partial correction of the aforementioned badwill against dilution of the investment in BPER Banca.

Impairment losses on financial instruments classified in the Available-for-sale asset category amounted to €10m (€21m at 31/12/2019). The item Gains/losses on investment property included €36m in depreciation and €3m in net reversals (respectively €32m and €18m in net write-downs at 31/12/2019).

Shareholders' equity

At 31 December 2020, Shareholders' equity amounted to €9,525m (€8,305m at 31/12/2019), recording an increase in shareholders' equity attributable to the owners of the Parent (+€1,422m) and a decrease in non-controlling interests (-€202m).

Shareholders' equity attributable to the owners of the Parent, standing at €8,110m (€6,687m at 31/12/2019), was composed of:

Amounts in €m	**31/12/2020**	31/12/2019	*variation in amount*
Share capital	3,365	3,365	
Capital reserves	1,639	1,639	
Income-related and other equity reserves	771	(127)	*898*
(Treasury shares)	(3)	(3)	*1*
Reserve for foreign currency translation differences	3	4	*(1)*
Gains/losses on available-for-sale financial assets	1,174	936	*238*
Gains/losses on financial assets at fair value through OCI	9	9	
Other gains or losses recognised directly in equity	(53)	(38)	*(15)*
Profit (loss) for the year	707	903	*(195)*
Total shareholders' equity attributable to the owners of the Parent	**7,614**	**6,687**	*926*

The main changes over the year were as follows:
- an increase of €238m as a result of the increase in the provisions for Gains and losses on available-for-sale financial assets;
- an increase of €707m in profit for 2020.

Shareholders' equity attributable to non-controlling interests was €1,912m (€1,617m at 31/12/2019). The main changes over the year were as follows:
- an increase of €496m following the issue by the subsidiary UnipolSai of a Restricted Tier 1 perpetual regulatory capital instrument;
- a decrease of €102m for payment of dividends to third parties;
- a decrease of €249m due to the change in the shareholding in UnipolSai and other subsidiaries;
- an increase of €157m due to profit attributable to non-controlling interests.

Treasury shares

At 31 December 2020, the treasury shares held by Unipol and its subsidiaries totalled 776,631 (953,413 at 31/12/2019), of which 379,825 held directly. Changes concerned:
- 2,413,716 shares allocated to those entitled in implementation of the 2016-2018 Compensation plan based on financial instruments and the Short Term Incentive compensation plan for the year 2019;
- 18,566 sold on the market by Arca Assicurazioni;
- 2,255,500 ordinary shares acquired in execution of the Compensation plans based on financial instruments.

Reconciliation statement for the Group result for the year and shareholders' equity showing the corresponding figures for the Parent

In accordance with Consob Communication 6064293 of 28 July 2006 the statement reconciling the Group result for the year and shareholders' equity, including the corresponding figures for the Parent, is shown below:

Amounts in €m	Share capital and reserves	Profit (loss) for the year	**Shareholders' equity at 31/12/2020**
Parent balances in accordance with Italian GAAP	**5,667**	**316**	**5,983**
IAS/IFRS adjustments to the Parent's financial statements	80	(3)	77
Differences between net carrying amount and shareholders' equity and profit (loss) for the year of consolidated investments, of which:	443	1,093	1,536
- Translation reserve	*3*		*3*
- Gains or losses on available-for-sale financial assets and at fair value through OCI	*1,392*		*1,392*
- Other gains or losses recognised directly in equity	*247*		*247*
Consolidation differences	1,324		1,324
Companies measured using the equity method	563	11	573
Intragroup elimination of dividends	545	(545)	
Other adjustments	40	(8)	32
Consolidated total	**8,661**	**864**	**9,525**
Non-controlling interests	1,755	157	1,912
Consolidated balances - portion attributable to the owners of the Parent	**6,906**	**707**	**7,614**

Technical provisions and financial liabilities

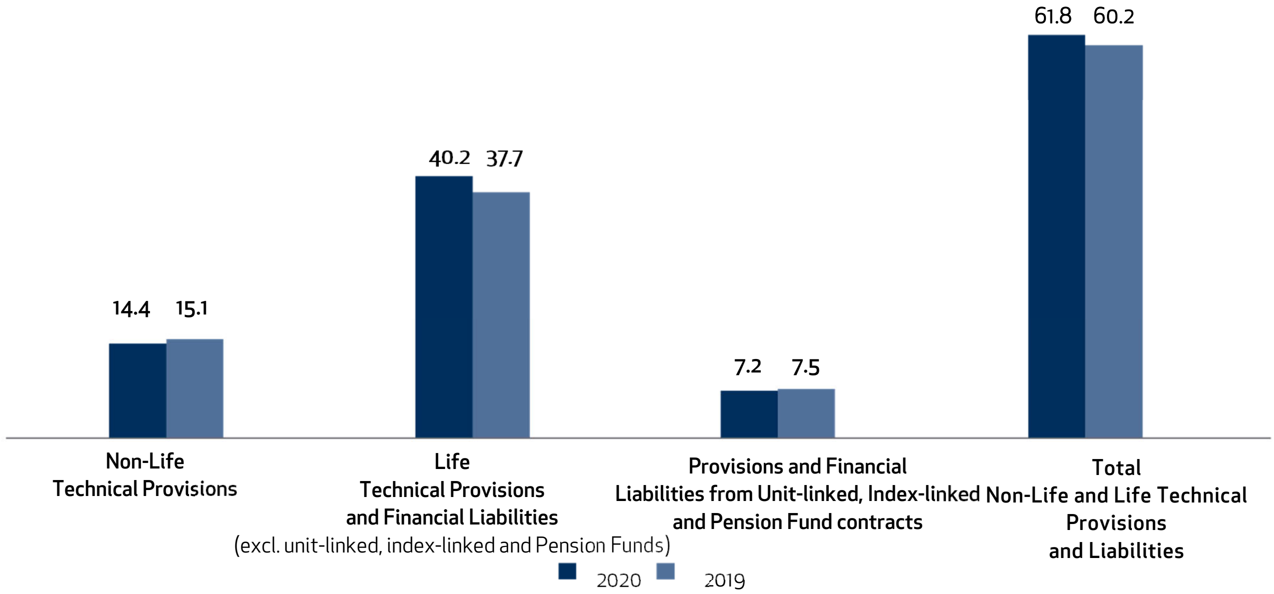
At 31 December 2020, Technical provisions amounted to €57,707m (€57,567m at 31/12/2019). Financial liabilities amounted to €9,730m (€7,772m at 31/12/2019).

Technical provisions and financial liabilities

Amounts in €m	**31/12/2020**	31/12/2019	% var.
Non-Life technical provisions	14,388	15,067	*(4.5)*
Life technical provisions	43,319	42,500	*1.9*
Total technical provisions	**57,707**	**57,567**	***0.2***
Financial liabilities at fair value	**4,379**	**2,914**	***50.3***
Investment contracts - insurance companies	*4,055*	*2,662*	*52.3*
Other	*324*	*253*	*28.4*
Financial liabilities at amortised cost	**5,351**	**4,858**	***10.2***
Subordinated liabilities	*2,088*	*2,168*	*(3.7)*
Other	*3,263*	*2,690*	*21.3*
Total financial liabilities	**9,730**	**7,772**	***25.2***
Total	**67,437**	**65,339**	***3.2***

Breakdown of Non-Life and Life reserves

(Amounts in €bn)



Unipol Group Debt

For a correct representation of the accounts under examination, information is provided below of financial debt only, which is the total amount of the financial liabilities not strictly associated with normal business operations. Therefore, liabilities constituting operating debt, i.e. liabilities directly or indirectly associated with assets, are excluded.

Group debt structure

Amounts in €m	**31/12/2020**	31/12/2019	*variation in amount*
Subordinated liabilities issued by UnipolSai	2,088	2,168	*(80)*
Debt securities issued by Unipol	2,741	1,813	*928*
Other loans	386	517	*(131)*
Total debt	**5,216**	**4,498**	***718***

With reference to the **Subordinated liabilities**, all issued by UnipolSai, the change is mainly due to the repayment made on 24 July 2020, as per the contractually envisaged repayment plan, of the first tranche of €80m on the Restricted Tier 1 loan originally for €400m, disbursed in July 2003 by Mediobanca - Banca di Credito Finanziario SpA to Fondiaria-SAI SpA and maturing 24 July 2023.

The **Debt securities issued by Unipol**, net of intragroup subscriptions, amounted to €2,741m and relate to three senior unsecured bond loans listed on the Luxembourg Stock Exchange, with a total nominal value of €1,731m, and a 10-year senior green bond loan with a nominal value of €1,000m, listed on the Luxembourg Stock Exchange, issued in two tranches on 23 September and 26 November 2020.

The issues described above were implemented as part of the Euro Medium Term Notes (EMTN Programme), with a maximum total nominal amount of €3,000m, established in December 2009 for €2,000m with the latest renewal and increase to €3,000m in September 2020.

Other loans obtained, totalling €386m (€517m at 31/12/2019), mainly included the loan obtained by Fondo Athens for €157m and the loans obtained by Unipol Rental from banks and other lenders for a total of €170m.

OTHER INFORMATION

Transactions with related parties

The Procedure for related party transactions (the "**RPT Procedure**") - prepared pursuant to Art. 4 of Consob Regulation no. 17221 of 12 March 2010 as amended and published on Unipol's website (www.unipol.it) in the *Governance/Related Party Transactions* section - defines the rules, methods and principles that ensure the transparency and substantive and procedural fairness of the transactions with related parties executed by Unipol, either directly or through its subsidiaries.

The Procedure is published in the "Corporate Governance/ Related party transactions" section of the Unipol Group's website (www.unipol.it).

With regard to related party transactions, note that on 23 December 2020 agreements were finalised for the acquisition - by Fondo di Investimento Alternativo Emporion, formerly Fondo Opportunity (the "**Fund**"), all units of which are held by UnipolSai ("**UnipolSai**" or the "**Company**") and managed by UnipolSai Investimenti SGR - of a property portfolio comprising 28 Coop points of sale owned by Coop Alleanza 3.0 Soc. Coop. ("**Coop Alleanza**") for the price of €213m (€218m including notary expenses), subject to the Company's subscription of new Fund units by means of a cash contribution. At the same time, the Fund and Coop Alleanza arranged the signing of specific lease contracts for the points of sale in question (altogether, the "**Transaction**").
Taking into account that Coop Alleanza is voluntarily included in the scope of Unipol related parties, the Board of Directors of the latter expressed its opinion, to the extent of its responsibility, in favour of the execution by UnipolSai of the Transaction of "Minor Significance" after controls carried out as part of the RPT Procedure, supported by the Related Party Transactions Committee of Unipol, which had issued its own opinion in favour to the Board of Directors.

The information required by IAS 24 and Consob Communication DEM/6064293/2006 is provided in paragraph 5.6 of the Notes to the financial statements - Transactions with related parties.

Solvency II solvency position

The values relating to own funds and to the solvency capital requirement, calculated on the basis of the information available as of today, are illustrated below:

	In €m	**Total**
Own funds eligible to cover the Solvency Capital Requirement		9,134.8
	Tier 1 - unrestricted	*6,928.5*
	Tier 1 - restricted	*1,270.2*
	Tier 2	*923.6*
	Tier 3	*12.6*
Solvency Capital Requirement		4,231.9
Ratio between Eligible own funds and Solvency Capital Requirement		**2.16**

The solvency situation of the Group will be subject to a specific disclosure to the market and to the Supervisory Authority by the current regulatory deadline, as part of the publication of the Solvency and Financial Condition Report (SFCR) envisaged in Art. 359 of Regulation (EU) 35/2015.

Report on corporate governance and ownership structures pursuant to Art. 123-bis of Legislative Decree 58 of 24 February 1998.

The information required by the Art. 123-bis, Legislative Decree 58 of 24 February 1998 as amended is included in the Annual Report on *corporate governance*, approved by the Board of Directors and published together with the Management Report.

The annual Corporate Governance report is available in the "Governance/Corporate Governance System" Section on the Company's website (www.unipol.it).

Ethics Report

NFS

General considerations

2020 was an important year as regards strengthening in the Unipol Group, also in terms of visibility and widespread awareness, the role of the Charter of Values and Code of Ethics as inescapable points of reference for the growth and success of an innovative, transparent and socially responsible culture common to all employees, agents and partners, and with all stakeholders.
In fact, in addition to fulfilling the obligations of his institutional role, in collaboration with "Unica-Unipol Corporate Academy", the Ethics Officer has implemented "EticaMente!", an online training project for employees, agents and agency personnel, with the aim of disseminating awareness of the Charter of Values and Code of Ethics throughout the entire Group.
This initiative completes the classroom training course on ethics issues created in previous two years, which involved 1,467 hierarchical managers.
As regards reports received on alleged violations of the Code of Ethics, conduct that was not in line with the principles of the Charter and the Code emerged in only two cases. They were also cases of little relevance, defined by the Ethics Officer in accordance with the Code, without the need for Ethics Committee intervention.
Therefore, the general consistency between the principles stated in the Code of Ethics and company operations was confirmed.

Activities carried out and launched in 2020 with reference to the Charter of Values and the Code of Ethics

In 2020, the Ethics Committee met on 11 February, 24 June and 16 December. The main activities carried out related to the following issues:

a) Reporting and requests

The Code of Ethics allows reports to be sent by anyone by writing to the Ethics Officer via ordinary post or by sending an e-mail to responsabile.etico@unipol.it and may concern criticisms, suggestions, requests for opinions/information and alleged violations of the Code of Ethics.
In 2020, 264 reports and requests were received in the dedicated e-mail inbox, compared to 143 in 2019.
The decisive increase is due to the higher number of reports of a "complaint" nature, more than double the figure for 2019 (216 vs. 106), arising from difficulties generated by the health emergency. Added to these are the miscellaneous generic contacts (31 vs. 22). The number of reports specifically for the Ethics Officer remained stable (17, compared to 15 in 2019), but with a higher presence of requests for opinions/information on ethics issues (10 vs. 6) compared to those relating to alleged violations of the Charter of Values and Code of Ethics, which decreased (from 9 to 7). The changes were slight, but confirm sensitivity to ethics issues and the limited significance of cases of alleged violation of the Code. More specifically:

- *reports related to alleged, specific violations of the Code of Ethics*: these were dealt with in accordance with the Code and with consolidated practices, bringing to light only two cases of violation of the Charter of Values and Code of Ethics. These were situations that the Ethics Officer was able to manage under the delegated independent powers or with support from the Chairman of the Ethics Committee, and therefore of an extent that did not require an Ethics Committee decision. The other cases submitted in accordance with the Code were examined and assessed by the Ethics Officer who, on ascertaining the absence of violations, arranged their closure, in compliance with Committee Regulations, discussing the most delicate situations with the Chairman;
- *requests for opinions/information:* these matters addressed to the Ethics Officer on matters within his/her specific competence were handled (consistency between business-related situations and the value system);
- *"complaint"- like reports:* these were reports of disservices, not strictly the responsibility of the Ethics Officer, who managed them by bringing them to the attention of the structures concerned, collaborating in particular with the Customer Complaints and Specialist Assistance Department. In 2020, the operations and communications difficulties caused by the health emergency, especially during the lockdowns, resulted in frequent recourse to the Ethics Department by stakeholders (primarily customers), to inform the company of critical issues in various services (agency network; settlement, commercial and IT assistance for the use of apps to remotely activate insurance coverage, etc.). In this delicate context, the role of "facilitator" of possible solutions that the Ethics Officer already plays as standard is consistent with the ethics values of inspiration to the Group, in terms of listening, attention to the needs of stakeholders and service efficiency, also as support to high-profile

initiatives launched by the Group (#UnMesePerTe, #andràtuttobenefree, #UniSalutePerTe). If the complaint contains general references to the Code of Ethics (not sufficient to constitute a true notification of a violation) and in cases deemed appropriate, the Ethics Officer cooperates with the Non-Life Complaints and Specialist Assistance Department in preparing the response. In this domain, no situations were identified in 2019 in which the reference to the Code of Ethics was grounded.

b) Training

"EticaMente!", the new online training course on the Code of Ethics targeting employees, agents and agency personnel of the entire Group, created in partnership with "Unica-Unipol Corporate Academy", was illustrated and approved at the Ethics Committee meeting of 24 June 2020.
In July, the course was presented on the corporate intranets (Futur@ for employees and Ueba for the agencies), with a message from Chairman Pierluigi Stefanini, and then made available to users (around 40,000 individuals). Created using innovative, agile and engaging e-learning methods, "EticaMente!" is not mandatory, rather aiming to be an opportunity to reflect on conduct adopted every day at work and on its consistency with the principles and values of the Unipol Group. The project will extend the training on ethics issues to the entire corporate population, completing the classroom training for managers that ended in December 2020 (with 1,467 attendees).

For detailed information, please refer to the full Ethics Report, available in the "Sustainability" section of the Unipol Group's website.

Business outlook

The effects of the spread of the COVID-19 pandemic are continuing, including in sustained form, in the early months of 2021.

The new wave of infections and vaccination delays threaten the longed-for economic recovery. The political instability that has accompanied this first part of the year has certainly not benefitted our country, with tensions in the formation of a new government, which will need to promptly plan an effective use of the Next Generation plan funds, a key factor to improve the Italian economy's growth potential.

All this reflects on financial investments and on the financial management, which continues to be aimed at the consistency of assets and liabilities and optimising the risk/return profile of the portfolio, also with regard to the maintenance of an adequate level of solvency.

As concerns the performance of the businesses in which the Group operates, no particularly significant events are worth mentioning. Insurance segment trends are still impacted by the effects of the pandemic on commercial activities as well as claims. In the course of the year, it will be necessary to evaluate the influence that the continuation of the pandemic may have on the hotel business, which already suffered considerably in 2020.

Excluding unforeseeable events also connected with a further aggravation of the reference context, the consolidated operating result for the current year is expected to remain positive and in line with the objectives defined in the 2019-2021 Business Plan.

Bologna, 18 March 2021

The Board of Directors

Synoptic table with non-financial information

Subjects of Italian Legislative Decree 254/2016	Material Issue	Relevant GRI Topic *
Material topics (Art. 3 par.1)		GRI 102: General disclosures (v. 2016)
Organisation and management model (Art. 3, par. 1a)	Product and service innovation; Development of partnerships with public and private players; Customer centricity; Farsightedness in responsible capital and remuneration management; Group relations with the agency network	GRI 102: General disclosures (v. 2016); GRI 207: Tax (v. 2019)
Business policies, results, indicators (Art. 3, par. 1b)	Fair and transparent business competition; Fairness in the sale of products and services	GRI 102: General disclosures (v. 2016)
	Relations with the local community; Profitability of the Group's activities; Responsible supply chain management	GRI 200 Economic: GRI 201: Economic performance (v. 2016); GRI 203: Indirect economic impacts (v. 2016); GRI 204: Procurement practices (v. 2016)
	Financial inclusion	SECTOR SPECIFIC ASPECT - SOCIETY: Product Portfolio; Active Ownership; Local Communities
Main risks (Art. 3, par. 1c)	Risk and control culture; Farsightedness in responsible capital and remuneration management	GRI 102: General disclosures (v. 2016)
Energy resources, water resources, emissions Impact on the environment, health and safety (Art. 3, par. 2a; (Art. 3, par. 2b; Art. 3, par. 2c)	Actions for the adaptation to and mitigation of climate change; Contribution to sustainable development in the various spheres of influence	GRI 300 Environmental: GRI 302: Energy (v. 2016); GRI 303: Water and effluents (v. 2018); GRI 305: Emissions (v. 2016); GRI 306: Effluents and waste (v. 2016) GRI 307: Environmental compliance (v. 2016)
		GRI 200 Economic: GRI 201: Economic performance (v. 2016); GRI 203: Indirect economic impacts (v. 2016); GRI 204: Procurement practices (v. 2016)
Human Resource management and gender balance (Art. 3, par. 2d)	Development of human capital; Sharing of a common corporate culture; Diversity management	GRI 102: General disclosures (v. 2016); GRI 400 Social: GRI 401: Employment (v. 2016); GRI 402: Labour/Management relations (v. 2016); GRI 403: Occupational health and safety (v. 2018); GRI 404: Training and education (v. 2016); GRI 405: Diversity and equal opportunity (v. 2016)
Respect for human rights (Art. 3, par. 2e)	Risk and control culture; Data protection and leveraging	GRI 102: General disclosures (v. 2016)
		GRI 400 Social: GRI 406: GRI 408: Child labour (v. 2016); GRI 412: Human rights assessment (v. 2016)
Fight against corruption (Art. 3, par. 2f)	Fair and transparent business competition	GRI 200 ECONOMIC: GRI 205: Anti-corruption (v. 2016) GRI 206: Anti-competitive behaviour (v. 2016) GRI 400 SOCIAL: GRI 419: Socioeconomic compliance (v. 2016)
	Fair and transparent business competition; Fairness in the sale of products and services	GRI 400 SOCIAL: GRI 417: Marketing and labelling (v. 2016); GRI 418: Customer privacy (v. 2016)
Reporting standard adopted (Art. 3, par. 3, 4 and 5)		GRI 102: General disclosures (v. 2016)
Diversity among members of the administration bodies (Art. 10 par.1 letter a)	Diversity management	GRI 102: General disclosures (v. 2016)

GRI Disclosure	Page reference of the Integrated Report	SDGs
102-40, 102-42, 102-43, 102-44, 102-45, 102-46, 102-47, 102-48, 102-49	Pages 14-15: "Consolidated Non-Financial Statement pursuant to Italian Legislative Decree 254/2016" Page 38: "Material stakeholder engagement topics and processes"	
102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-7, 102-8, 102-9, 102-10, 102-11, 102-12, 102-13	Pages 18-19: "Activities and sectors"; Pages 20-21: "Group highlights" Pages 47-49: "Human Capital"; Pages 50-54: "Social and Relational Capital"; Pages 60-66: "Support to the realisation of the 2030 Agenda and contribution to combating the climate emergency"; Pages 69-80: "Internal Control and Risk Management System";	
102-14, 102-18, 102-22, 102-23, 102-29, 207-1, 207-2, 207-3	Pages 9-11: "Letter from the Chairman and Letter from the Chief Executive Officer" Pages 34-35: "Future orientation in the use of capital" Pages 58-66: "Shared value: the impacts generated by the Unipol Group" Pages 67-68: "Corporate Governance"	
201-1, 203-2, 204-1	Pages 42-43: "Financial Capital" Pages 50-54: "Social and Relational Capital" Pages 121-127: Appendix	
FS07, FS08, FS11, FS14	Pages 42-43: "Financial Capital" Pages 58-66: "Shared value: the impacts generated by the Unipol Group"	
102-11, 102-15	Pages 34-35: "Future orientation in the use of capital" Page 37: "The Unipol Group's climate strategy" Pages 69-80: "Internal Control and Risk Management System"	
302-1, 303-3, 305-1, 305-2, 305-3, 305-4, 307-1	Pages 55-57: "Natural Capital" Page 80: "Sanctions" Pages 121-127: Appendix	
201-1, 203-2, 204-1	Pages 42-43: "Financial Capital" Pages 50-54: "Social and Relational Capital"	
401-1, 403-1, 403-5 403-9 404-1, 404-2, 405-1, 405-2, 102-35, 102-41	Pages 47-49: "Human Capital" Pages 67-68: "Corporate Governance" Pages 82-83: "Remuneration system and incentives"; Pages 121-127: Appendix	
102-16, 102-17	Pages 16-17: "Unipol Group Vision, Mission and Values"; Pages 70-75: "The monitoring of social, environmental and governance risks ("ESG risks")" Pages 115-116: "Ethics Report"; Page 128: "CoP"	
408-1, 412-3	Pages 70-75: "The monitoring of social, environmental and governance risks ("ESG risks")"	
205-1, 205-2, 205-3, 206-1, 419-1	Pages 70-75: "The monitoring of social, environmental and governance risks ("ESG risks")" Pages 76-77: "Personal data protection" Pages 78-79: "Anti-corruption" Pages 80: "Sanctions" Pages 121-127: Appendix	
417-3, 418-1		
102-50, 102-51, 102-52, 102-53, 102-54, 102-55, 102-56	Pages 14-15: "Consolidated Non-Financial Statement pursuant to Italian Legislative Decree 254/2016" Pages 118-119: "Synoptic table with non-financial information"	
102-18, 102-22, 102-35	Pages 67-68: "Governance" - "Corporate Governance" Pages 69-80: "Internal Control and Risk Management System" Pages 82-83: "Remuneration system and incentives"	

* These also include the Disclosures on Management Approach (GRI 103-1, 103-2, 103-3) reported in the Integrated Report or available in the "Sustainability" section of the website www.unipol.it for individual material aspects.

Summary table of climate change-related disclosures (TCFD)

TCFD Area	Specific Topic	Page reference of the Integrated Report
Governance	a. Board Oversight	Pages 69-80: "Internal Control and Risk Management System"
	b. Management's Role	Pages 69-80: "Internal Control and Risk Management System"
Strategy	a. Risks and Opportunities	Pages 38: "Material topics" Pages 58-66: "Shared value: the impacts generated by the Unipol Group" Pages 69-80: "Internal Control and Risk Management System"
	b. Impact on Organization	Pages 34-35: "Future orientation in the use of capital" Pages 37: "The Unipol Group's climate strategy"
	c. Resilience of Strategy	Pages 34-35: "Future orientation in the use of capital"
Risk Management	a. Risk ID & Assessment Processes	Pages 69-80: "Internal Control and Risk Management System"
	b. Risk Management Processes	Pages 69-80: "Internal Control and Risk Management System"
	c. Integration into Overall Risk Management	Pages 69-80: "Internal Control and Risk Management System"
Indicators and Objectives	a. Climate-Related Metrics	Pages 55-57: "Natural capital" Pages 60-66: "Support to the realisation of the 2030 Agenda and contribution to combatting the climate emergency"
	b. Scope 1,2,3 GHG Emissions	Pages 55-57: "Natural capital" Pages 60-66: "Support to the realisation of the 2030 Agenda and contribution to combatting the climate emergency"
	c. Climate-Related Targets	Pages 37: "The Unipol Group's climate strategy"

Appendix - Unipol in numbers

GRI indicator	Description	M.U.	2020	2019	% change/p.p.	Notes
CORPORATE DATA						
EMPLOYEES BY CONTRACT TYPE						
102-7	Total number of employees	No.	11,836	12,337	-4%	
102-8	Employees by contract type: permanent	No.	11,413	11,813	-3%	
	Men	No.	5,272	5,491	-4%	
	Women	No.	6,141	6,322	-3%	
102-8	Employees by contract type: fixed term	No.	423	524	-19%	
	Men	No.	169	203	-17%	
	Women	No.	254	321	-21%	
102-8	Full-time employees	No.	9,780	10,153	-4%	
	Men	No.	5,170	5,397	-4%	
	Women	No.	4,610	4,756	-3%	
102-8	Part-time employees	No.	2,056	2,184	-6%	
	Men	No.	271	297	-9%	
	Women	No.	1,785	1,887	-5%	
102-8	Staff leasing	No.	49	67	-27%	
	Men	No.	13	16	-19%	
	Women	No.	36	51	-29%	
102-41	Collective bargaining agreements	%	100	100	0	For employees of companies in Italy
TURNOVER						
401-1	Recruitments by gender	No.	885	1,514	-42%	
	Men	No.	461	743	-38%	
	Women	No.	424	771	-45%	
401-1	Recruitments by age brackets	No.	885	1,514	-42%	
	Over 60 years	No.	46	57	-19%	
	Aged 51-60	No.	140	198	-29%	
	Aged 41-50	No.	185	329	-44%	
	Aged 31-40	No.	254	488	-48%	
	Up to 30 years	No.	260	442	-41%	
401-1	Terminations by gender	No.	1,385	1,174	18%	
	Men	No.	715	601	19%	
	Women	No.	670	573	17%	
401-1	Terminations by age brackets	No.	1,385	1,174	18%	
	Over 60 years	No.	541	186	191%	See "Capital performance"
	Aged 51-60	No.	311	193	61%	
	Aged 41-50	No.	200	279	-28%	
	Aged 31-40	No.	189	272	-31%	
	Up to 30 years	No.	144	244	-41%	
401-1	Recruitment rate by gender					
	Men	%	8.5%	13.0%	-4.6	
	Women	%	6.6%	11.6%	-5.0	
401-1	Recruitments by age brackets					
	Over 60 years	%	6.3%	6.4%	-0.1	
	Aged 51-60	%	3.6%	5.0%	-1.4	
	Aged 41-50	%	4.7%	8.1%	-3.4	
	Aged 31-40	%	9.9%	18.0%	-8.1	
	Up to 30 years	%	37.6%	63.1%	-25.5	
401-1	Termination rate by gender					
	Men	%	13.1%	10.6%	2.6	
	Women	%	10.5%	8.6%	1.9	
401-1	Termination rate by age brackets					
	Over 60 years	%	73.5%	26.6%	46.9	
	Aged 51-60	%	8.0%	7.1%	0.9	
	Aged 41-50	%	5.1%	6.9%	-1.8	
	Aged 31-40	%	7.4%	6.8%	0.6	
	Up to 30 years	%	20.8%	27.2%	-6.4	
402-1	Minimum period of notice for operational changes in Italy	ql	The minimum period of notice for significant operational changes in Italy is 4 weeks (30 days), as specified in the collective labour agreements.			
TRAINING						
404-1	Training hours completed by gender	Hours	109,239	214,014	-49%	
	Men	Hours	57,091	118,327	-52%	
	Women	Hours	52,218	95,687	-45%	
404-1	Training hours completed by job-level category	Hours	109,239	214,014	-49%	
	Senior Executives	Hours	2,520	3,844	-34%	

GRI indicator	Description	M.U.	2020	2019	% change/p.p.	Notes
	Officers and middle management	Hours	34,592	57,223	-40%	
	Administrative staff	Hours	61,709	129,305	-52%	
	Blue-collar workers/Other	Hours	216	8,802	-98%	There was no classroom training in 2020.
	Call Centre personnel	Hours	10,204	14,839	-31%	
404-1	Average training hours completed by gender		9.23	17.34	-47%	
	Men	No.	10.49	20.40	-49%	
	Women	No.	8.17	14.10	-42%	
404-1	Average training hours completed by job-level category		9.23	17.34	-47%	
	Senior Executives	No.	10.95	19.66	-44%	
	Officers and middle management	No.	11.00	26.65	-59%	
	Administrative staff	No.	8.28	14.77	-44%	
	Blue-collar workers/Other	No.	1.46	11.90	-88%	
	Call Centre personnel	No.	8.03	5.50	46%	
404-1	Training method					
	No. of classroom courses, webinars, videoconferencing	No.	538	841	-36%	
	No. of distance training courses	No.	439	281	56%	
	No. of attendees in classroom courses, webinars, videoconferencing	No.	12,879	18,870	-32%	
	No. of attendees in distance training courses	No.	51,432	41,437	24%	
	Man-hours of classroom courses, webinars, videoconferencing	No.	57,022	134,114	-57%	
	Man-hours distance training courses	No.	51,869	71,927	-28%	
	Headcount in classroom courses, webinars, videoconferencing	No.	5,367	7,271	-26%	
	Headcount in distance training courses	No.	10,694	10,800	-1%	
404-1	Training by contract type					
	Training hours completed by contract: Full time	Hours	81,144	187,626	-57%	
	Training hours completed by contract: Part time	Hours	28,094	25,340	11%	
	Average training hours completed by contract: Full time	%	8.3	18.5	-10.2	
	Average training hours completed by contract: Part time	%	13.7	11.6	2.1	
404-1	Safety training					
	Employees trained	No.	9,365	9,317	1%	
	Senior Executives trained	No.	191	152	26%	
ACCIDENTS						
403-9	Accidents by gender	No.	46	182	-75%	
	Men	No.	20	64	-69%	
	Women	No.	26	118	-78%	
403-9	Accidents by type	No.	46	182	-75%	
	Non-commuting	No.	22	57	-61%	
	Commuting	No.	24	125	-81%	
403-9	Accident frequency by sector					The rates were calculated on the basis of 1,000,000 hours worked in theory
	Total	No.	0.97	2.4	-1.43	
	Insurance	No.	0.62	2.06	-1.44	
	Real estate	No.	21.37	9.62	11.75	
	Tourism	No.	5.14	8.29	-3.15	
	Healthcare	No.	3.68	7.5	-3.82	
	Other	No.	2.32	0	2.32	
403-9	Accident severity by sector					The rates were calculated on the basis of 1,000,000 hours worked in theory
	Total	No.	0.07	0.19	-0.12	
	Insurance	No.	0.05	0.18	-0.13	
	Real estate	No.	1.18	0.79	0.39	
	Tourism	No.	0.37	0.49	-0.12	
	Healthcare	No.	0.11	0.16	-0.05	

GRI indicator	Description	M.U.	2020	2019	% change/p.p.	Notes
	Other	No.	0.03	0.06	-0.03	
403-9	No. hours worked by sector					
	Total	No.	22,765,589	23,748,431	-4%	Collective Labour Agreement theoretical hours for the different sectors
	Insurance	No.	20,995,769	21,839,511	-4%	
	Real estate	No.	93,600	104,000	-10%	
	Tourism	No.	973,440	1,085,760	-10%	
	Healthcare	No.	271,440	266,656	2%	
	Other	No.	431,340	452,504	-5%	
COMPLAINTS						
103-3	Breakdown of complaints by phase (Italy)	No.	20,525	18,321	12%	
	Accepted	No.	7,589	6,529	16%	
	Rejected	No.	9,354	7,813	20%	
	Settled	No.	2,487	3,032	-18%	
	Under investigation	No.	1,095	947	16%	
103-3	Breakdown of complaints by area (Italy)	No.	20,525	18,321	12%	
	Claims	No.	14,422	13,919	4%	
	Legal	No.	146	91	60%	
	Administrative	No.	731	644	14%	
	Commercial	No.	1,327	870	53%	
	Industrial	No.	3,337	2,454	36%	
	Information Systems	No.	545	339	61%	
	Other	No.	17	4	325%	
103-3	Percentage of complaints out of the total by phase (Italy)					
	Accepted	%	37%	36%	1	
	Rejected	%	46%	43%	3	
	Settled	%	12%	16%	-4	
	Under investigation	%	5%	5%	0	
103-3	Percentage of complaints out of the total by area (Italy)					
	Claims	%	70.3%	76.0%	-5.7	
	Legal	%	0.7%	0.5%	0.2	
	Administrative	%	3.6%	3.5%	0.1	
	Commercial	%	6.5%	4.7%	1.8	
	Industrial	%	16.2%	13.4%	2.8	
	Information Systems	%	2.6%	1.9%	0.7	
	Other	%	0.1%	0.0%	0.1	
417-3	Incidents of non-compliance concerning marketing communications	No.	0	n.a.	n.a.	Incidents of non-compliance linked to the IDD Directive
PENSION FUND						
201-3	Pension fund					
201-3	Percentage subscribed					
	Senior Executives	%	100%	99%	1	
	Trained employees	%	81%	83%	-2	
201-3	Total contributions paid	€	57,485,929	57,760,280	-0.5%	
201-3	Contributions paid by the company	€	20,645,785	20,521,748	0.6%	
	Senior Executives	€	2,992,608	2,891,617	3%	
	Employees	€	17,653,177	17,630,131	0.1%	
201-3	Contributions paid by personnel	€	36,840,144	19,199,145	92%	
	Senior Executives	€	2,319,605	2,193,654	5.7%	
	Employees	€	34,520,539	35,044,878	-1.5%	
201-3	Incidence of company contributions	%	36%	52%	-16	
	Senior Executives	%	56%	57%	-1	
	Employees	%	34%	33%	1	
WELFARE FUND						
201-3	Welfare fund					
201-3	Percentage subscribed					
	Senior Executives	%	97%	97%	0	
	Trained employees	%	86%	85%	1	
201-3	Total contributions paid	€	22,184,405	21,782,423	2%	
201-3	Contributions paid by the company	€	19,739,585	19,428,405	2%	
	Senior Executives	€	2,370,980	2,332,756	2%	
	Employees	€	17,368,605	17,095,648	2%	
201-3	Contributions paid by personnel	€	2,444,820	2,354,018	4%	
	Senior Executives	€	158,030	145,791	8%	

GRI indicator	Description	M.U.	2020	2019	% change/p.p.	Notes
	Employees	€	2,286,790	2,208,227	4%	
201-3	Incidence of company contributions	%	89%	89%	0	
	Senior Executives	%	94%	94%	0	
	Employees	%	88%	89%	0	
GOVERNANCE DATA						
ANTI-FRAUD						
	Total reports	No.	8,735	10,983	-20%	
	Settlement cases reported	No.	7,688	8,938	-14%	
	Underwriting cases reported	No.	1,047	2,045	-49%	
	Total complaints	No.	539	503	7%	
	No. settlement complaints filed	No.	427	431	-1%	
	No. underwriting complaints filed	No.	112	72	56%	
	No. files opened on cases reported	No.	2,160	2,107	3%	
ANTI-CORRUPTION						
205-2	Governance body members that received anti-corruption training	ql	The members of the Board of Directors approve the update of the Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/2001, which also contains requirements regarding the prevention of the risk of committing the crimes of corruption and abuse of position.			
205-2	Employees specifically trained on anti-corruption policies and procedures (Italy)					
	Total	%	88%	94%	-6	
	Senior Executives	%	95%	83%	12	
	Officers and middle management	%	97%	96%	1	
	Administrative staff	%	89%	93%	-4	
	Call Centre personnel	%	72%	98%	-26	
	Blue-collar workers/Other	%	47%	79%	-32	
ANTI-MONEY LAUNDERING						
	Percentage of employees specifically trained on anti-money laundering policies and procedures (Italy)					
	Total	%	85%	88%	-3	
REMUNERATION DIFFERENCES BY GENDER						
405-2	Italy - Remuneration differences - Fixed					Differences by gender and job-level category relating to median values of gross annual fixed remuneration of employees
	W/M - Senior Executives	%	0.99	0.96	3	
	W/M - Officers and middle management	%	0.95	0.95	0	
	W/M - Administrative staff	%	0.93	0.92	1	
	W/M - Call Centre personnel	%	1.03	1.03	0	
	W/M - Blue-collar workers/Other	%	0.94	0.94	0	
405-2	Serbia - Remuneration differences - Fixed					Differences by gender and job-level category relating to median values of gross annual fixed remuneration of employees
	W/M - Senior Executives	%	1.45	n.a.		
	W/M - Officers and middle management	%	1.03	n.a.		
	W/M - Administrative staff	%	0.88	n.a.		
	W/M - Call Centre personnel	%	0.57	n.a.		
	W/M - Blue-collar workers/Other	%	0.74	n.a.		
405-2	Italy - Remuneration differences - Fixed+Variable					Differences by gender and job-level category relating to median values of gross annual fixed+variable remuneration of employees
	W/M - Senior Executives	%	0.95	0.98	-3	
	W/M - Officers and middle management	%	0.94	0.94	0	
	W/M - Administrative staff	%	0.92	0.92	0	
	W/M - Call Centre personnel	%	1.01	1.03	-2	
	W/M - Blue-collar workers/Other	%	0.96	0.94	2	
405-2	Serbia - Remuneration differences - Fixed+Variable					Differences by gender and job-level category relating to median values of gross annual fixed+variable remuneration of employees
	W/M - Senior Executives	%	1.54	n.a.		
	W/M - Officers and middle management	%	1.00	n.a.		
	W/M - Administrative staff	%	0.87	n.a.		

GRI indicator	Description	M.U.	2020	2019	% change/p.p.	Notes
	W/M - Call Centre personnel	%	0.56	n.a.		
	W/M - Blue-collar workers/Other	%	0.74	n.a.		
405-2	Ireland - Remuneration differences					Differences by gender and job-level category relating to median values of annual remuneration
	W/M - Fixed - Employees	%	0.74	n.a.		Breakdown by job-level category is insignificant
	W/M - Fixed+Variable - Employees	%	0.74	n.a.		Breakdown by job-level category is insignificant
ECONOMIC DATA						
DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED						
201-1	**Direct economic value generated**	**€m**	**14,203**	**17,086**	**-17%**	
	Net premiums earned	€m	11,349	13,262	-14%	
	Financial income	€m	2,243	2,983	-25%	
	Commission income	€m	34	35	-3%	
	Gains on sale of assets	€m	577	806	-28%	
201-1	**Economic value distributed**	**€m**	**13,326**	**14,412**	**-8%**	
	Payment to policyholders	€m	9,127	9,975	-9%	
	Payment to other stakeholders	€m	4,199	4,437	-5%	
201-1	**Economic value retained**	**€m**	**878**	**2,674**	**-67%**	
PREMIUMS BY CHANNEL						
102-7	Percentage breakdown of premiums by channel					
	Agency Network	%	66%	61%	5	
	Management/Broker	%	20%	21%	-1	
	Bancassurance Network	%	12%	16%	-4	
	Other	%	2%	1%	1	
VALUE DISBURSED TO SUPPLIERS BY TYPE						
102-9	Value disbursed to suppliers by type					
	Total	€m	1,157	1,081	n.a.	
	Printing and stationery	€m	8	7	n.a.	
	Marketing, advertising and sponsorship	€m	51	46	n.a.	
	Miscellaneous services	€m	294	430	n.a.	
	Transport services	€m	2	2	n.a.	
	Information Technology	€m	207	174	n.a.	
	Equipment, fixtures and fittings and signs	€m	14	12	n.a.	
	Consultancy and services	€m	119	111	n.a.	
	Utilities and operation	€m	10	10	n.a.	
	Real estate asset management	€m	186	269	n.a.	
	Other diversified categories	€m	267	20	n.a.	
VALUE OF CONTRIBUTIONS TO THE COMMUNITY BY TYPE						
201-1	Value of contributions to the community by type					
	Total	€m	29.80	11.30	164%	
	Charitable donations	€m	1.80	1.20	50%	
	Sponsorships	€m	7.00	8.60	-19%	
	Contribution to Unipolis Foundation	€m	1.50	1.50	0%	
	Contributions for health emergency	€m	19.50	n/a	n/a	
ENVIRONMENTAL DATA						
ENERGY						
302-1	Energy consumed					
	Gas	Gj	129,437	156,207	-17%	
	Diesel	Gj	6,543	7,812	-16%	
	Agricultural diesel	Gj	4,370	n.a.	n.a.	
	Electricity	Gj	272,001	338,383	-20%	
	of which renewable	Gj	249,195	n.a.	n.a.	
	of which not renewable	Gj	22,806	n.a.	n.a.	
	LPG	Gj	1,452	5,042	-71%	
	District heating/cooling	Gj	86,448	102,566	-15%	
WATER						
303-3	Water drawn					
	Water drawn m³	m³	1,156,538	1,244,604	-7%	The breakdown by water sources and category is unavailable.
EMISSIONS						

GRI indicator	Description	M.U.	2020	2019	% change/p.p.	Notes
305-1/305-2	Direct GHG emissions and indirect GHG emissions from energy consumption					
	Tonnes of emissions (Scope 1 + Scope 2 Location Based)	T CO_2 eq	37,829	48,648	-22%	
305-1	Scope 1 - Direct GHG emissions	T CO_2 eq	8,395	9,980	-16%	
	Scope 2 - Indirect GHG emissions from energy purchased (Location Based)	T CO_2 eq	29,434	38,668	-24%	
	Scope 2 - Indirect emissions from energy purchased (Market Based)	T CO_2 eq	9,148	n.a.	n.a.	
WASTE						
306-2	Waste by type and disposal method					
	Total waste	Tonnes	413,963	n.a.	n.a.	
	Non-hazardous waste	Tonnes	409,144	n.a.	n.a.	
	of which recycled/recovered	%	91%	n.a.	n.a.	
	of which disposed of in landfill	%	9%	n.a.	n.a.	
	Hazardous waste	Tonnes	4,819	n.a.	n.a.	
	of which recycled/recovered	%	96%	n.a.	n.a.	
	of which disposed of in landfill	%	4%	n.a.	n.a.	

Breakdown of assets by business sector (€m)

	31/12/2020	% AuM	% High-carbon intensive sectors	High-carbon intensive % Asset Classes
SECTION A - AGRICULTURE, FORESTRY AND FISHING	0.0	0.0%		Equity 0.55%
SECTION B - MINING	47.9	0.1%		Bond 4.02%
SECTION C - MANUFACTURING	1,398.8	2.3%		Infrastructure 0.01%
SECTION D - ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY	921.0	1.5%	4.6%	Real estate 0.00%
SECTION E - WATER SUPPLY; SEWERS, WASTE TREATMENT AND CLEAN-UP	28.0	0.0%		Structure Products 0.02%
SECTION F - CONSTRUCTION	222.3	0.4%		MBS 0.00%
SECTION H - TRANSPORT AND STORAGE	212.6	0.3%		Derivatives 0.00%
SECTION G - WHOLESALE AND RETAIL COMMERCE; VEHICLE AND MOTORCYCLE REPAIRS	81.9	0.1%		
SECTION I - ACCOMMODATION AND CATERING SERVICES	22.8	0.0%		
SECTION J - INFORMATION AND COMMUNICATION SERVICES	1,303.0	2.1%		
SECTION K - FINANCIAL AND INSURANCE ACTIVITIES	18,993.1	30.8%		
SECTION L - REAL ESTATE ACTIVITIES	377.6	0.6%		
SECTION M - PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES	50.9	0.1%		
SECTION N - ADMINISTRATIVE ACTIVITIES AND SUPPORT SERVICES	9.0	0.0%		
SECTION O - PUBLIC ADMINISTRATION AND DEFENCE; COMPULSORY SOCIAL SECURITY	37,652.9	61.0%		
SECTION P - EDUCATION	0.0	0.0%		
SECTION Q - HEALTHCARE AND SOCIAL CARE	140.2	0.2%		
SECTION R - ARTS, ENTERTAINMENT AND RECREATION	36.6	0.1%		
SECTION S - OTHER SERVICE ACTIVITIES	0.0	0.0%		
SECTION U - EXTRATERRITORIAL ORGANISATIONS AND BODIES	256.0	0.4%		
Total Assets Under Management	**61,754.7**	**100.0%**		

Breakdown of Non-Life premiums by main business sectors (only UnipolSai SpA)*

ATECO code	31/12/2020
SECTION L - Real estate activities	15.3%
SECTION F - Building construction	5.6%
SECTION G - Retail commerce	5.2%
SECTION G - Wholesale commerce	4.2%
SECTION F - Specialist construction works	4.0%
SECTION S - Trade association activities	3.5%
SECTION D - Electricity, gas, steam and air conditioning supply	3.2%
SECTION C - Metalworking	3.0%
SECTION H - Land and pipeline transportation	2.7%
SECTION H - Storage and transport support services	2.5%
SECTION I - Catering services	2.4%
SECTION G - Wholesale and retail commerce; vehicle and motorcycle repairs	2.4%
SECTION K - Financial services	2.3%
SECTION A - Agricultural crops and animal product production, hunting and related services	2.2%
SECTION M - Business management and management consulting activities	2.1%
SECTION C - Manufacture of machines and equipment	2.0%
SECTION R - Arts, entertainment and recreation	1.9%
SECTION F - Civil engineering	1.8%
SECTION S - Other personal service activities	1.8%

* the representation considers portfolio premiums relating to legal entities with ATECO code allocated to 87% (€1,446m) of the total legal entities. The table only includes sectors with total premiums of more than €25m, equal to 68% of €1,446m.
Among these, the business activities indicated pertain to sectors considered in the EU Taxonomy. Considering the total premiums on SME and Corporate customers, the value of the business activities pertaining to sectors considered in the EU Taxonomy accounts for 14%. To analyse the business sectors present in the insurance portfolio based on the Taxonomy guidelines, the ATECO codes were identified that correspond to the NACE codes indicated in the Taxonomy as activities contributing to the mitigation of and/or adaptation to climate change, where possible using the more precise NACE code (level 4). However, in the absence of available data on compliance by the companies in the portfolio with technical criteria defined in the technical annex to the final report on the taxonomy (particularly in terms of thresholds), it was not possible to identify from the ATECO codes the policyholders that fulfil the criteria of substantial contribution to sustainability as defined in the technical annex for each business activity. In addition, it should be emphasised that, in this first analysis, the business activities that cannot be screened for a substantial contribution to none of the six environmental goals, such as environment-neutral activities (schools, hospitals, public administration services, etc.), but which could be considered potentially eligible for non-life insurance in the business sectors considered by the taxonomy, were not taken into consideration.

NFS

CoP - United Nations Global Compact

Table of contents relating to relevant information for the United Nations Global Compact

The Unipol Group has adopted the principles of the Global Compact, promoting conduct consistent with the international standards on human rights, gender balance, environmental protection, anti-corruption, transparency and fairness in business and in business management, through continuous improvement methods and practices. In order to make it easier to track the relevant contents for Communication on Progress, the following table has been prepared, which identifies, for each principle, the links to the GRI Standard, to the chapters of the 2020 Integrated Report (outcome measurements are indicated in the chapter "Shared value: the impacts generated by the Unipol Group") as well as the website www.unipol.it. For detailed information on the United Nations CoP 2020, please refer to "Sustainability" section of the Unipol Group's website.

Global Compact Areas	Global Compact Principles	GRI STANDARDS		Page reference in the Annual Integrated Report	Link
Principles on Human Rights	**Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights within their respective spheres of influence. **Principle 2:** Businesses should make sure they are not complicit in human rights abuses, including indirectly.	GRI102-16 GRI102-17	GRI408-01 GRI412-03 GRI-FS11	Pages 16-17: " Unipol Group Vision, Mission and Values" Pages 42-43: "Financial Capital" Pages 69-80: "Internal Control and Risk Management System" Pages 115-116: "Ethics Report"	• Unipol Group Identity Vision, Mission and Values • Policies • ESG risk management
Labour principles	**Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining. **Principle 4:** Businesses should uphold the elimination of all forms of forced and compulsory labour. **Principle 5:** Businesses should uphold the effective abolition of child labour. **Principle 6:** Businesses should uphold the elimination of discrimination in respect of employment and occupation.	GRI102-06 GRI102-07 GRI102-08 GRI102-09 GRI102-16 GRI102-17 GRI102-22 GRI102-35 GRI102-41 GRI201-03	GRI204-01 GRI205-02 GRI305-03 GRI401-01 GRI403-01 GRI403-05 GRI403-09 GRI 404-01 GRI 404-02 GRI405-01 GRI405-02	Pages 16-17: "Unipol Group Vision, Mission and Values" Pages 34-35: "Future orientation in the use of capital" Page 38: "Material topics" Pages 47-49: "Human Capital" Pages 50-54: "Social and Relational Capital" Pages 69-80: "Internal Control and Risk Management System" Pages 82-83: "Remuneration system and incentives" Pages 115-116: "Ethics Report" Pages 121-127: "Appendix"	• Unipol Group Identity Vision, Mission and Values • Shared Value • ESG risk management
Environmental Principles	**Principle 7:** Businesses should support a precautionary approach to environmental challenges. **Principle 8:** Businesses should undertake initiatives to promote greater environmental responsibility. **Principle 9:** Businesses should encourage the development and diffusion of environmentally friendly technologies.	GRI102-09 GRI102-11 GRI102-15 GRI102-30 GRI201-01 GRI203-02 GRI204-01 GRI302-01	GRI303-03 GRI305-01 GRI305-02 GRI305-03 GRI305-04 GRI306-02 GRI307-01 GRI-FS14	Page 35: "Future orientation in the use of capital" - "Climate change" Pages 42-43: "Financial Capital" Pages 50-54: "Social and relational capital" Pages 55-57: "Natural Capital" Page 58-66: "Shared value: the impacts generated by the Unipol Group" Page 80: "Sanctions" Pages 121-127: "Appendix"	• Reputational & Emerging Risk Observatoryhttp://www.unipol.it/it/la-nostra-identita/osservatorio-reputational-emerging-risk • Results and Strategy • Policies • Shared Value • Climate change • ESG risk management • Derris Project
Anti-corruption principles	**Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.	GRI102-09 GRI102-29 GRI102-30 GRI102-43 GRI 205-1 GRI 205-2	GRI 205-3 GRI 206-1 GRI 417-3 GRI 418-1 GRI 419-1 GRI-FS11	Pages 16-17: "Unipol Group Vision, Mission and Values" Page 38: "Material topics" Pages 69-80: "Governance" - "Internal Control and Risk Management System" - "Personal data protection" - "Anti-corruption" - "Sanctions" Pages 115-116: "Ethics Report" Pages 121-127: "Appendix"	• Unipol Group Identity Vision, Mission and Values • Anti-corruption Procedures • Policies • ESG risk management

Glossary

ALM: Asset and Liability Management, referring to the integrated management of assets and liabilities for the purpose of allocating resources in such a way as to optimise the risk/return ratio.

APE – Annual Premium Equivalent: the new Life business expressed in APE is a measurement of the volume of business relating to new policies and corresponds to the sum of periodic premiums of new products and one tenth of single premiums. This indicator is used to assess the business along with the in force value and the Life new business value of the Group.
Premium retention ratio is the ratio of premiums retained (total direct and indirect premiums net of premiums ceded) to total direct and indirect premiums. Investment products are not included in calculating this ratio.

ASviS - Italian Alliance for Sustainable Development: set up in 2016, on the initiative of the Unipolis Foundation and the "Tor Vergata" University of Rome, whose objective is to increase awareness in Italian society, economic entities and institutions, of the importance of the 2030 Agenda for sustainable development and to empower them to achieve the Sustainable Development Goals.
The Alliance currently incorporates more than 200 of the most important institutions and networks of civil society, such as associations representing social parties (business, trade union and Third Sector associations), networks of associations of civil society which concern specific objectives (health, economic well-being, education, labour, quality of the environment, gender equality, etc.), associations of regional authorities, universities and public and private research centres, and the associated networks, associations of entities active in the worlds of culture and information, foundations and networks of foundations, Italian entities belonging to international associations and networks active in sustainable development matters.

BVPS – Book Value Per Share: ratio between the Group's Shareholders' equity and the total number of shares.

Capital: stocks of value on which all organisations depend for their success. Used as inputs to the business model, and are increased, decreased or transformed through the organisation's business activities and outputs. The capitals are categorised in the <IR> Framework as financial, productive, intellectual, human, social and relational, and natural. (International <IR> Framework).

CARD - Convenzione tra Assicuratori per il Risarcimento Diretto - Agreement between Insurers for Direct Compensation:
MV TPL claims may be classified as one of three cases of claims managed:
Non-Card claims: claims governed by the ordinary regime, to which CARD is not applied;
Debtor Card claims: claims governed by CARD where "our" policyholder is fully or partially liable, which are settled by the counterparty's insurance companies, to which "our" insurance company must pay a flat rate pay-out ("Debtor Flat Rate");
Handler Card claims: claims governed by CARD where "our" policyholder is fully or partially not liable, which are settled by "our" insurance company, to which the counterparty's insurance companies must pay a flat rate pay-out ("Handler Flat Rate").
However, it must be noted that this classification is a simplified representation because, in reality, each individual claim may contain damages included in each of the three above-indicated cases.

Combined ratio: indicator that measures the balance of Non-Life technical management, represented by the sum of the loss ratio and the expense ratio.

Value Creation: the process that results in increases, decreases or transformations of the capital caused by the organisation's business activities and outputs. (International <IR> Framework).

CSI (Customer Satisfaction Index): overall satisfaction index based on 13 factors pertaining to two macro areas: Relations with agents and Service provided by the company. The sum of weighted scores obtained for each of the 13 factors determines the arithmetic mean representing the overall CSI.

CS OVERALL (Customer Satisfaction Overall for retail and companies): an indicator of overall satisfaction with the reference company (sole or main) that takes into account all aspects of the relationship (policies subscribed, personnel, service, innovation, reputation, etc.). It is calculated by using a 6-step numeric scale from 3 to 8, where 3 is the lowest score, 6 is satisfactory and 8 is the highest score. The percentage score is calculated on the two highest scores on the scale.

Non-Financial Statement (NFS): a separate or consolidated statement of a non-financial nature as envisaged in Italian Legislative Decree no. 254 of 30 December 2016, which introduced new transparency obligations to Italian law in line with the European regulations on environmental and social issues, human resources, respect for human rights, the fight against active and passive corruption, which are relevant taking into account the activities and characteristics of the company.

Environmental, social and governance (ESG): an acronym that refers to the organisational aspects of a company, linked to environmental, social and good governance policies, objectives and implementation procedures.

EPS – Earning per share: ratio between the Group's net profit and the total number of shares.

Expense ratio: percentage indicator of the ratio of total operating expenses to premiums written as far as direct business is concerned, and the premiums as far as retained business, net of reassurance, is concerned.

FSB - Financial Stability Board, the international body that controls and formulates recommendations on the global financial system.

FTSE4Good Index: the index evaluates the performances of companies that are globally recognised for their high standards of social responsibility. The index is reviewed twice per year, in March and in September, to include any new companies and instead exclude any that have not maintained the required sustainability standards.

Global Compact: United Nations initiative launched in 2000 to encourage companies all over the world to adopt sustainable policies, comply with corporate social responsibilities and publicly disclose the results of the actions undertaken. It envisages compliance with 10 Principles divided into 4 areas: Human Rights, Labour, Environment and Anti-corruption.
To date, over 18,000 companies from 160 countries worldwide have adopted the initiative, in support of the United Nations Sustainable Development Goals (SDGs) for 2030.

SRIs: the sustainability indexes or SRIs are summary indexes that monitor the performance trends of a basket of companies listed in the Stock Exchange in accordance not only with financial and economic criteria, but also criteria relating, as applicable, to environmental, social and good corporate governance aspects, employed by investors that intend to adopt sustainable and responsible investment (SRI) strategies.
Sustainable and responsible investment refers to a medium/long-term investment strategy which, in assessments of companies and institutions, combines financial analysis with environmental, social and good governance analysis so as to create value for the investor and for the company as a whole.

Inputs: the capitals (resources and relationships) that an organisation draws upon for its business activities. (International <IR> Framework).

IPCC - Intergovernmental Panel on Climate Change: the scientific body of the United Nations that is responsible for assessing climate change, its implications and potential future risks, as well as proposing options for adaptation and mitigation.

ISO 50001: a voluntary international standard that provides organisations of any size with a system for optimising the energy performance of all of their processes and for promoting more efficient energy management.

ESG Guidelines: Guidelines for the ex ante assessment of ESG risks that could arise in the business processes (investments, recruitment, credit), annexed to the related Policies and useful to supporting correct assessment of the risks in line with the sustainability guidelines.

Loss ratio: primary indicator of the cost-effectiveness of operations of an insurance company in the Non-Life business. This is the ratio of the cost of claims for the period to premiums for the period.

Materiality: a matter is material if it could substantively affect the organisation's ability to create value in the short, medium or long term. (International <IR> Framework).

Business model: an organisation's system of transforming inputs through its business activities into outputs and outcomes that aims to fulfil the organisation's strategic purposes and create value over the short, medium and long term. (International <IR> Framework).

MRO (Main Refinancing operations): open market operations carried out by the Eurosystem.

MSCI ESG Index: the index supports the evaluation of the environmental, social and governance (ESG) investments and helps institutional investors to perform a more effective benchmarking for the performances of ESG investments.

NPS (Net Promoter Score): an indicator that measures the proportion of product/service "promoters" vs. "detractors". It is based on the question "Would you recommend the company to your best friend?". The answers are rated on a scale of 0 to 10. The indicator is calculated by subtracting the percentage of detractors from the percentage of promoters.

OTI (Other Technical Items) ratio: ratio of the sum of the balance of other technical charges/income and the change in other technical provisions to net premiums for the period.

Outcomes: the internal and external consequences (positive and negative) for the capitals as a result of an organisation's business activities and outputs (International <IR> Framework).

Outputs: an organisation's products and services, and any by-products and waste. (International <IR> Framework).

Paris Agreement: it defines a global framework to avoid dangerous climate changes, limiting the rise in the global temperature to well below 2 °C and continuing efforts to limit this increase to 1.5 °C (compared to pre-industrial levels). It was agreed at the Paris Climate Conference (COP21) in December 2015 and is currently ratified by roughly 190 parties, including the EU and its Member States.

PRI: principles promoted in 2006 by the United Nations to favour the spreading of sustainable and responsible investment amongst institutional investors, which are signed and implemented by financial sector companies. The companies commit to incorporating ESG concerns within investment analyses and decision-making processes, as well as their company policies and practices.

UNEP - United Nations Environment Programme is the main global environmental authority which establishes the global environmental agenda, promotes consistent implementation of environmental approaches to sustainable development within the UN system and acts as the authoritative defender of the global environment.

Taxonomy Regulation: Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020, on the establishment of a framework to facilitate sustainable investment.

Reputation Index: an index developed by the Reputation Institute to measure and manage the reputation of companies and their brands as a lever for business growth, valid at international level. The reputation of the Unipol Group consists in a series of expectations, perceptions and opinions developed over time by the reference Stakeholders (customers, employees, agents, financial community, institutions, opinion makers, public opinion) on the qualities of the Group, its characteristics and its conduct, which derive from experience, word of mouth or observation of the Group's shares. The consistency of Group conduct with its promises and resulting response to expectations formulated by its Stakeholders determine how the corporate reputation is formed

ROE – Return on Equity: ratio between the Group's net profit for the year and the average of the Group's Shareholders' equity (calculated as the semi-sum of Net Shareholders' equities at the start and end of the period), excluding Other comprehensive income (expense) (OCI).

Scope of GHG emissions: classification of the organisational confines in which the direct and indirect GHG (Greenhouse Gas) emissions generated by an organisation's activities are produced. There are 3 Scope classes: Scope 1, Scope 2 and Scope 3. The classification derives from the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). Scope 1 refers to direct GHG emissions from installations owned or controlled by the organisation. Scope 2 refers to indirect GHG emissions deriving from the generation of electricity, steam energy, heating and cooling, imported and consumed within the organisation. Scope 3 refers to other indirect emissions not covered by Scope 2, such as emissions associated with business travel.

SDGs - Sustainable Development Goals: the 2030 Agenda for Sustainable Development is a plan of action for people, the planet and prosperity, signed in September 2015 by the governments of 193 UN Member States. It encompasses 17 Sustainable Development Goals - SDGs - as listed below:

Goal 1:
End poverty in all its forms everywhere.

Goal 2:
End hunger, achieve food security and improved nutrition and promote sustainable agriculture.

Goal 3:
Ensure healthy lives and promote well-being for all at all ages.

Goal 4:
Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

Goal 5:
Achieve gender equality and empower all women and girls.

Goal 6:
Ensure availability and sustainable management of water and sanitation for all.

Goal 7:
Ensure access to affordable, reliable, sustainable and modern energy for all.

Goal 8:
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Goal 9:
Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

Goal 10:
Reduce inequality within and among countries.

Goal 11:
Make cities and human settlements inclusive, safe, resilient and sustainable.

Goal 12:
Ensure sustainable consumption and production patterns.

Goal 13:
Take urgent action to combat climate change and its impacts.

Goal 14:
Conserve and sustainably use the oceans, seas and marine resources for sustainable development.

Goal 15:
Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

Goal 16:
Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

Goal 17:
Strengthen the means of implementation and revitalize the global partnership for sustainable development.

TCFD - Task Force on Climate-related Financial Disclosures develops voluntary and consistent recommendations on climate-related financial risks to be used by companies in providing information to investors, lenders, insurers and other interested parties

TEG - Technical Expert Group on Sustainable Finance - The Commission has established this group to assist in particular in the development of a standardised classification system for sustainable business activities, an EU green obligations standard, methods for low carbon emissions indicators and metrics for reporting on climate change issues

TLTRO - Targeted Long Term Refinancing Operations: financial interventions carried out by the European Central Bank, introduced for the first time during the sovereign debt crisis that took place in Eurozone countries. Under the TLTRO programme, 4-year loans with very low interest rates are disbursed through auctions to Eurozone banks, with a view to injecting liquidity into the real economy. Indeed, banks are required to use this liquidity to support lending to small and medium sized enterprises.

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CONSOLIDATED FINANCIAL STATEMENTS AT 31.12.2020

Statement of Financial Position

Assets

		Amounts in €m	**31/12/2020**	31/12/2019
1	**INTANGIBLE ASSETS**		**2,039.0**	**2,012.1**
1.1	Goodwill		1,630.9	1,625.0
1.2	Other intangible assets		408.1	387.1
2	**PROPERTY, PLANT AND EQUIPMENT**		**2,365.7**	**2,484.2**
2.1	Property		1,532.9	1,633.2
2.2	Other tangible assets		832.9	851.1
3	**TECHNICAL PROVISIONS - REINSURERS' SHARE**		**835.3**	**989.6**
4	**INVESTMENTS**		**68,643.6**	**65,116.9**
4.1	Investment property		2,176.0	1,991.1
4.2	Investments in subsidiaries, associates and interests in joint ventures		1,153.7	1,003.4
4.3	Held-to-maturity investments		420.8	454.6
4.4	Loans and receivables		4,519.3	4,006.6
4.4bis	Financial assets at amortised cost		422.7	516.1
4.5	Available-for-sale financial assets		50,899.5	48,620.0
4.5bis	Financial assets at fair value through OCI		1,601.4	689.5
4.6	Financial assets at fair value through profit or loss		7,450.2	7,835.6
4.6.1	*Held-for-trading financial assets*		*257.2*	*283.8*
4.6.2	*Financial assets at fair value*		*7,177.8*	*7,465.6*
4.6.3	*Other financial assets mandatorily at fair value*		*15.2*	*86.1*
5	**SUNDRY RECEIVABLES**		**3,240.9**	**3,184.0**
5.1	Receivables relating to direct insurance business		1,482.4	1,456.2
5.2	Receivables relating to reinsurance business		166.9	260.8
5.3	Other receivables		1,591.6	1,467.1
6	**OTHER ASSETS**		**1,187.2**	**1,308.0**
6.1	Non-current assets or assets of a disposal group held for sale		203.3	189.2
6.2	Deferred acquisition costs		99.2	101.2
6.3	Deferred tax assets		330.9	510.9
6.4	Current tax assets		9.0	3.9
6.5	Other assets		544.7	502.7
7	**CASH AND CASH EQUIVALENTS**		**1,094.8**	**1,007.0**
	TOTAL ASSETS		**79,406.5**	**76,101.9**

Statement of Financial Position

Shareholders' equity and liabilities

		Amounts in €m	**31/12/2020**	31/12/2019
1	SHAREHOLDERS' EQUITY		**9,525.3**	**8,304.6**
1.1	**attributable to the owners of the Parent**		**7,613.6**	**6,687.5**
1.1.1	Share capital		3,365.3	3,365.3
1.1.2	Other equity instruments			
1.1.3	Capital reserves		1,639.4	1,639.4
1.1.4	Income-related and other equity reserves		771.0	(127.2)
1.1.5	(Treasury shares)		(2.7)	(3.4)
1.1.6	Reserve for foreign currency translation differences		3.4	4.1
1.1.7	Gains or losses on available-for-sale financial assets		1,173.9	936.2
1.1.7bis	Gains or losses on financial assets at fair value through OCI		8.8	8.5
1.1.8	Other gains or losses recognised directly in equity		(53.0)	(37.9)
1.1.9	Profit (loss) for the year attributable to the owners of the Parent		707.4	902.5
1.2	**attributable to non-controlling interests**		**1,911.7**	**1,617.1**
1.2.1	Share capital and reserves attributable to non-controlling interests		1,525.8	1,196.4
1.2.2	Gains or losses recognised directly in equity		229.2	236.6
1.2.3	Profit (loss) for the year attributable to non-controlling interests		156.7	184.1
2	PROVISIONS		**479.6**	**476.9**
3	TECHNICAL PROVISIONS		**57,707.0**	**57,567.3**
4	FINANCIAL LIABILITIES		**9,730.2**	**7,772.0**
4.1	Financial liabilities at fair value through profit or loss		4,379.3	2,914.4
4.1.1	*Financial liabilities held-for trading*		324.3	252.6
4.1.2	*Financial liabilities at fair value*		4,055.1	2,661.8
4.2	Other financial liabilities		5,350.8	4,857.7
5	PAYABLES		**918.1**	**1,012.6**
5.1	Payables arising from direct insurance business		162.8	164.7
5.2	Payables arising from reinsurance business		77.0	96.6
5.3	Other payables		678.3	751.3
6	OTHER LIABILITIES		**1,046.3**	**968.4**
6.1	Liabilities associated with disposal groups held for sale		3.2	3.3
6.2	Deferred tax liabilities		118.0	83.0
6.3	Current tax liabilities		41.1	50.9
6.4	Other liabilities		884.1	831.2
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**79,406.5**	**76,101.9**

Income Statement

		Amounts in €m	31/12/2020	31/12/2019
	1.1	Net premiums	11,349.2	13,262.5
	1.1.1	*Gross premiums earned*	*11,810.4*	*13,715.8*
	1.1.2	*Earned premiums ceded to reinsurers*	*(461.2)*	*(453.3)*
	1.2	Commission income	34.4	34.6
	1.3	Gains and losses on financial instruments at fair value through profit or loss	(183.9)	(100.7)
	1.4	Gains on investments in subsidiaries, associates and interests in joint ventures	19.4	545.7
	1.5	Gains on other financial instruments and investment property	2,282.4	2,433.0
	1.5.1	*Interest income*	*1,363.1*	*1,486.5*
	1.5.2	*Other income*	*183.9*	*218.6*
	1.5.3	*Realised gains*	*487.5*	*655.1*
	1.5.4	*Unrealised gains*	*247.9*	*72.7*
	1.6	Other revenue	820.3	807.3
1		**TOTAL REVENUE AND INCOME**	**14,321.7**	**16,982.4**
	2.1	Net charges relating to claims	(8,844.3)	(11,349.9)
	2.1.1	*Amounts paid and changes in technical provisions*	*(9,015.2)*	*(11,658.4)*
	2.1.2	*Reinsurers' share*	*170.9*	*308.5*
	2.2	Commission expense	(20.4)	(21.4)
	2.3	Losses on investments in subsidiaries, associates and interests in joint ventures	(0.5)	(0.3)
	2.4	Losses on other financial instruments and investment property	(716.7)	(591.0)
	2.4.1	*Interest expense*	*(163.5)*	*(169.1)*
	2.4.2	*Other charges*	*(38.8)*	*(40.2)*
	2.4.3	*Realised losses*	*(425.6)*	*(180.0)*
	2.4.4	*Unrealised losses*	*(88.8)*	*(201.8)*
	2.5	Operating expenses	(2,588.8)	(2,691.5)
	2.5.1	*Commissions and other acquisition costs*	*(1,844.6)*	*(1,863.9)*
	2.5.2	*Investment management expenses*	*(120.4)*	*(130.1)*
	2.5.3	*Other administrative expenses*	*(623.8)*	*(697.5)*
	2.6	Other costs	(1,125.2)	(1,040.9)
2		**TOTAL COSTS AND EXPENSES**	**(13,295.9)**	**(15,695.1)**
		PRE-TAX PROFIT (LOSS) FOR THE YEAR	**1,025.8**	**1,287.4**
3		Income taxes	(161.7)	(200.7)
		PROFIT (LOSS) FOR THE YEAR AFTER TAXES	**864.1**	**1,086.6**
4		PROFIT (LOSS) FROM DISCONTINUED OPERATIONS		
		CONSOLIDATED PROFIT (LOSS)	**864.1**	**1,086.6**
		of which attributable to the owners of the Parent	*707.4*	*902.5*
		of which attributable to non-controlling interests	*156.7*	*184.1*

Comprehensive Income Statement

Amounts in €m	**31/12/2020**	31/12/2019
CONSOLIDATED PROFIT (LOSS)	**864.1**	**1,086.6**
Other income items net of taxes not reclassified to profit or loss	**(45.4)**	**9.4**
Change in the shareholders' equity of the investees	(8.2)	0.9
Change in the revaluation reserve for intangible assets		
Change in the revaluation reserve for property, plant and equipment		
Gains and losses on non-current assets or disposal groups held for sale		
Actuarial gains and losses and adjustments relating to defined benefit plans	(5.0)	(2.2)
Gains or losses on equity instruments at fair value through OCI	(32.1)	9.4
Reserve deriving from variation on credit risk on financial liabilities at fair value through profit or loss		
Other items		1.3
Other income items net of taxes reclassified to profit or loss	**260.2**	**1,102.6**
Change in the reserve for foreign currency translation differences	(1.1)	0.2
Gains or losses on available-for-sale financial assets	231.2	1,090.5
Gains or losses on financial assets (other than equity instruments) at fair value through OCI	10.7	(0.5)
Gains or losses on cash flow hedges	4.2	9.9
Gains or losses on hedges of a net investment in foreign operations		
Change in the shareholders' equity of the investees	15.2	2.5
Gains and losses on non-current assets or disposal groups held for sale		
Other items		
TOTAL OTHER COMPREHENSIVE INCOME (EXPENSE)	**214.9**	**1,112.0**
TOTAL CONSOLIDATED COMPREHENSIVE INCOME (EXPENSE)	**1,079.0**	**2,198.6**
of which attributable to the owners of the Parent	*929.7*	*1,793.1*
of which attributable to non-controlling interests	*149.2*	*405.5*

Statement of Changes in Shareholders' equity

	Amounts in €m	**Balance at 31/12/2018**	Changes to closing balances	Amounts allocated	Adjustments from reclassificati on to profit or loss	Transfers	Changes in investments	**Balance at 31/12/2019**
Equity attributable to the owners of the Parent	Share capital	3,365.3						3,365.3
	Other equity instruments							
	Capital reserves	1,729.4		(90.1)				1,639.4
	Income-related and other equity reserves	(478.0)		356.2			(5.5)	(127.2)
	(Treasury shares)	(6.1)		2.7				(3.4)
	Profit (loss) for the year	401.4		630.1		(129.0)		902.5
	Other comprehensive income (expense)	20.4		923.4	(38.5)		5.6	910.9
	Total attributable to the owners of the Parent	**5,032.4**		**1,822.4**	**(38.5)**	**(129.0)**	**0.1**	**6,687.5**
Equity attributable to non-controlling interests	Share capital and reserves attributable to non-controlling interests	1,052.3		134.7			9.5	1,196.4
	Profit (loss) for the year	226.8		48.8		(91.6)		184.1
	Other comprehensive income (expense)	15.2		232.5	(5.4)		(5.6)	236.6
	Total attributable to non-controlling interests	**1,294.3**		**416.0**	**(5.4)**	**(91.6)**	**3.8**	**1,617.1**
Total		**6,326.7**		**2,238.4**	**(43.9)**	**(220.5)**	**3.9**	**8,304.6**

	Amounts in €m	**Balance at 31/12/2019**	Changes to closing balances	Amounts allocated	Adjustments from reclassificati on to profit or loss	Transfers	Changes in investments	**Balance at 31/12/2020**
Equity attributable to the owners of the Parent	Share capital	3,365.3						3,365.3
	Other equity instruments							
	Capital reserves	1,639.4						1,639.4
	Income-related and other equity reserves	(127.2)		920.1			(21.8)	771.0
	(Treasury shares)	(3.4)		0.7				(2.7)
	Profit (loss) for the year	902.5		(195.1)				707.4
	Other comprehensive income (expense)	910.9		323.8	(147.6)		46.1	1,133.2
	Total attributable to the owners of the Parent	**6,687.5**		**1,049.4**	**(147.6)**		**24.3**	**7,613.6**
Equity attributable to non-controlling interests	Share capital and reserves attributable to non-controlling interests	1,196.4		554.5			(225.1)	1,525.8
	Profit (loss) for the year	184.1		74.3		(101.7)		156.7
	Other comprehensive income (expense)	236.6		71.9	(33.2)		(46.1)	229.2
	Total attributable to non-controlling interests	**1,617.1**		**700.7**	**(33.2)**	**(101.7)**	**(271.2)**	**1,911.7**
Total		**8,304.6**		**1,750.1**	**(180.8)**	**(101.7)**	**(246.9)**	**9,525.3**

Statement of Cash Flows (indirect method)

Amounts in €m	**31/12/2020**	31/12/2019
Pre-tax profit (loss) for the year	1,025.8	1,287.4
Change in non-monetary items	(1,788.8)	1,307.1
Change in Non-Life premium provision	62.4	186.5
Change in claims provision and other Non-Life technical provisions	(600.1)	(348.3)
Change in mathematical provisions and other Life technical provisions	831.7	4,498.2
Change in deferred acquisition costs	2.1	(3.1)
Change in provisions	2.6	119.9
Non-monetary gains and losses on financial instruments, investment property and investments	1,060.1	(1,676.8)
Other changes	(3,147.6)	(1,469.2)
Change in receivables and payables generated by operating activities	**(133.0)**	**34.9**
Change in receivables and payables relating to direct insurance and reinsurance	(50.3)	(276.0)
Change in other receivables and payables	(82.7)	310.9
Paid taxes	**(83.3)**	**(34.4)**
Net cash flows generated by/used for monetary items from investing and financing activities	**1,687.5**	**(1,041.8)**
Liabilities from financial contracts issued by insurance companies	1,360.4	300.1
Payables to bank and interbank customers		
Loans and receivables from banks and interbank customers		(26.0)
Other financial instruments at fair value through profit or loss	327.1	(1,316.0)
TOTAL NET CASH FLOW FROM OPERATING ACTIVITIES	**708.2**	**1,553.0**
Net cash flow generated by/used for investment property	(399.8)	(84.3)
Net cash flow generated by/used for investments in subsidiaries, associates and interests in joint ventures (*)	1.9	(199.4)
Net cash flow generated by/used for loans and receivables	(719.3)	(105.5)
Net cash flow generated by/used for financial assets at amortised cost	116.4	14.8
Net cash flow generated by/used for held-to-maturity investments	37.0	9.4
Net cash flow generated by/used for available-for-sale financial assets	289.2	(85.0)
Net cash flow generated by/used for financial assets at fair value through OCI	(936.5)	(578.6)
Net cash flow generated by/used for property, plant and equipment and intangible assets	(205.1)	(217.9)
Other net cash flows generated by/used for investing activities	15.8	162.7
TOTAL NET CASH FLOW GENERATED BY/USED FOR INVESTING ACTIVITIES	**(1,800.4)**	**(1,084.0)**
Net cash flow generated by/used for equity instruments attributable to the owners of the Parent		
Net cash flow generated by/used for treasury shares	0.1	5.0
Dividends distributed attributable to the owners of the Parent		(129.0)
Net cash flow generated by/used for share capital and reserves attributable to non-controlling interests	398.3	(91.6)
Net cash flow generated by/used for subordinated liabilities and equity instruments	(80.0)	(80.0)
Net cash flow generated by/used for financial liabilities at amortised cost	861.5	474.9
TOTAL NET CASH FLOW GENERATED BY/USED FOR FINANCING ACTIVITIES	**1,179.9**	**179.3**
Effect of exchange rate gains/losses on cash and cash equivalents		
CASH AND CASH EQUIVALENTS AT 1 JANUARY (**)	1,007.2	358.8
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	87.7	648.4
CASH AND CASH EQUIVALENTS AT 31 DECEMBER (***)	1,094.9	1,007.2

(*)The figure of 2019 includes the difference between the price paid for the purchase of Car Server, now Unipol*Rental*, (€96.1) and the cash and cash equivalents transferred as a result of the acquisition (€23.4m).
(**) Include cash and cash equivalents of non-current assets or those of a disposal group held for sale (2020 €0.2m, 2019 €94.2m).
(***) Include cash and cash equivalents of non-current assets or those of a disposal group held for sale (2020 €0.1m, 2019 €0.2m).

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NOTES TO THE FINANCIAL STATEMENTS

1. Basis of presentation

The Unipol Group, consisting of the Parent Unipol Gruppo ("Unipol") and its subsidiaries, operates in all Non-Life and Life insurance and reinsurance and capitalisation business; it may issue investment contracts and may set up and manage open pension funds, in compliance with the provisions of Art. 9 of Italian Legislative Decree 124 of 21 April 1993 and subsequent amendments.
To support the insurance business, it has developed instrumental commercial activities relating in particular to vehicle repair and vehicle glass replacement, the management of black boxes and other telematic devices, the management of payments in mobility and long-term vehicle rental.
It also carries out real estate, and to a lesser extent, financial, hotel, agricultural and healthcare activities.

The Parent Unipol, head of the Unipol Insurance Group, is a joint-stock company with registered office in Bologna (Italy) and is listed on the Milan Stock Exchange.

The Unipol Group's Consolidated Financial Statements were drawn up in accordance with Art. 154-ter of Italian Legislative Decree 58/1998 (Consolidated Law on Finance) and of ISVAP Regulation no. 7 of 13 July 2007, as amended. They conform to the IAS/IFRS standards issued by the IASB and endorsed by the European Union, along with the interpretations issued by IFRIC, in accordance with the provisions of Regulation (EC) no. 1606/2002 in force on the closing date of the financial statements.

The Consolidated Financial Statements consist of:
- statement of financial position;
- income statement and comprehensive income statement;
- statement of changes in shareholders' equity;
- statement of cash flows;
- notes to the financial statements;
- tables appended to the notes to the financial statements.

The layout conforms to the provisions of ISVAP Regulation no. 7 of 13 July 2007, Part III as amended, relating to the layout of the Consolidated Financial Statements of insurance and reinsurance companies that must adopt international accounting standards.

The information requested by Consob Communications DEM/6064293 of 28 July 2006 and DEM/11070007 of 5 August 2011 is also provided.

The Consolidated Financial Statements are drawn up on the assumption that the company will continue as a going concern, in application of the principles of accrual accounting, materiality and truthfulness of accounting information, in order to provide a true and fair view of the equity-financial position and economic result, in compliance with the principle of the prevalence of the economic substance of transactions over their legal form.
The going concern assumption is considered to be confirmed with reasonable certainty given that companies belonging to the Unipol Group have sufficient resources to ensure that they will continue to operate for the foreseeable future. In addition, the liquidity risk is deemed to be very remote.

The layout of the financial statements offers a comparison with the figures of the previous year. Where necessary, in the event of a change to the accounting standards, measurement or classification criteria, the comparative data are re-stated and reclassified in order to provide homogeneous and consistent information.

The presentation currency is the euro and all the amounts shown in the financial statements and these notes are in €m, except when specifically indicated, rounded to one decimal place; therefore the sum of the individual amounts is not always identical to the total.

The Consolidated Financial Statements of Unipol are subject to an audit by the independent auditors PricewaterhouseCoopers SpA (PwC), the company tasked with performing the legally-required audit of the consolidated financial statements for the 2012/2020 period.

Consolidation scope

The Unipol Group's Consolidated Financial Statements at 31 December 2020 have been drawn up by combining the figures of the Parent Unipol and those of the 56 direct and indirect subsidiaries (IFRS 10). At 31 December 2019 a total of 57 companies were consolidated on a line-by-line basis. Subsidiaries deemed to be too small to be of relevance are excluded from the line-by-line consolidation.

There are no jointly-controlled interests.

Associates, in which the investment percentage ranges between 20% and 50%, and subsidiaries considered immaterial (21 companies), are measured using the equity method (IAS 28) or maintained at the carrying amount. At 31 December 2019, a total of 22 associates and subsidiaries were considered immaterial.

Investments consolidated on a line-by-line basis and those measured using the equity method are listed in the tables showing the Consolidation scope and Details of unconsolidated investments, respectively, which are appended to these Notes.

Changes in the consolidation scope compared with 31 December 2019 and other transactions

Changes in the consolidation scope

February 2020 saw the conclusion of the bankruptcy proceedings of the company Butterfly AM Srl in liquidation, which was therefore closed. The company settled the payables set out in the bankruptcy plan and the shareholders did not receive any allocation.

On 24 February 2020, UnipolSai incorporated Unica Lab, a company set up to supply training services and organise training events, through the payment of share capital of €1,000,000.

On 24 April 2020, the entire equity investment of Società Edilizia Immobiliare Sarda SpA, equal to 51.667% of the share capital, was transferred to third parties together with the receivables relating to shareholder's loans paid.

Following the contribution of properties by UnipolSai to the property funds already mentioned in the management report, the Oikos fund joined the Group's scope of consolidation in the first half of 2020, managed by UnipolSai Investimenti SGR and whose shares are wholly-owned by UnipolSai.

On 22 December 2020, with the authorisation of IVASS for the acquisition of control, the proposed acquisition of 100% of the company Cambiomarcia Srl was carried out. The total price of €5,925k was paid out, with €5,275k paid directly to the sellers and €650k deposited in current accounts in the name of UnipolSai restricted in favour of the individual sellers. This amount was withheld by UnipolSai to back the indemnities set forth in the preliminary sale agreement in relation to the obligations and warranties of the sellers and the negative price adjustment that should result from the verification of the financial position of Cambiomarcia at the transfer date.

Capital transactions of investee companies

On 4 May and 10 December 2020, UnipolSai made two capital account payments, for a total of €2.2m, in favour of Nuove Iniziative Toscane Srl, to enable the subsidiary to meet financial needs in relation to primary urbanisation works necessary to activate the Marescialli School, within the scope of the Castello project.

In 2020, the subsidiary Unipol Finance Srl acquired 111,400,500 UnipolSai Assicurazioni SpA shares on the regulated market for a total price of €245,230,625. At 31 December 2020, Unipol Finance held 159,685,500 UnipolSai shares, equal to 5.64% of the share capital.

During the month of November 2020, Unipol Gruppo and UnipolSai participated, for their applicable share amounting to a total of €148m, in the share capital increase of BPER Banca SpA, intended to provide the bank with the resources necessary to acquire the Banking Business Unit as part of the Public Purchase and Exchange Offer transaction promoted by Intesa Sanpaolo on the shares of UBI Banca. Taking into account other minor transactions on the share capital of BPER Banca and the exercise of the option right by the holders of

Additional Tier 1 capital instruments issued by the bank (convertible into ordinary shares), the total share held by the Unipol group of the share capital of BPER Banca declined from 19.73% to 18.89%.

Other transactions

As part of the transactions aimed at rationalising and simplifying the corporate structures of the Unipol Group, as resolved by the Board of Directors on 21 June 2019, a deed of merger by incorporation of Pronto Assistance SpA in UnipolSai was signed on 21 January 2020. The merger did not result in any share capital increase of the incorporating company as the entire share capital of the incorporated company was already directly held by UnipolSai. The Merger took effect for legal purposes on 1 February 2020, and from 1 January 2020 for accounting and tax purposes.

On 21 January 2020, deeds were signed regarding (i) the global spin-off of Ambra Property Srl in favour of UnipolSai, Gruppo UNA SpA and Midi Srl, (ii) the global spin-off of Villa Ragionieri Srl in favour of UnipolSai and Casa di Cura Villa Donatello SpA and (iii) the partial spin-off of the latter in favour of UnipolSai. These spin-off operations did not involve an increase in the share capital of the beneficiary companies given that the entire share capital of the spun off company was already held directly by UnipolSai, as was that of the beneficiary companies other than the said company. The global spin-offs became effective from 1 February 2020, effective from 1 January 2020 for accounting and tax purposes. The partial spin-off of Casa di Cura Villa Donatello took effect on 1 February 2020, effective from the same date for accounting and tax purposes.

Please note that the merger and spin-off transactions described above did not have any effects at consolidated level, as they concerned wholly-owned subsidiaries of UnipolSai and UnipolSai itself.

Information about business combinations

As reported previously, on 22 December 2020, UnipolSai finalised the acquisition of 100% of the share capital of Cambiomarcia Srl at the price of €5.9m. Cambiomarcia manages a web platform for selling used vehicles between private parties, providing customers with a personalised assistance service.

The values of the assets and liabilities acquired, calculated on the consolidated accounting position of Cambiomarcia at 31 December 2020, are reported below:

Amounts in €k	31/12/2020
Other intangible assets	663.4
Property, plant and equipment	18.7
Other receivables	154.1
Deferred tax assets	20.3
Other assets	15.0
Cash and cash equivalents	237.5
Other financial liabilities	(881.7)
Other payables	(98.4)
Other liabilities	(94.5)
Total Net identifiable assets	**34.4**

The values of the assets acquired and the liabilities assumed are still considered provisional and may be recalculated within 12 months of the acquisition, as laid out in IFRS 3. On the basis of these values, the difference between the acquisition cost (€5.9m) and the net identifiable assets led to the recognition of goodwill for €5.9m.

Reporting date

The reporting date of the Consolidated Financial Statements is 31 December 2020, the date the separate financial statements of the Parent Unipol closed. All the consolidated companies closed their financial statements at 31 December with the exception of the following:

- the subsidiaries Unipol Finance Srl, Unipol Investment SpA, UnipolPart I SpA and the associate Pegaso Finanziaria SpA close their financial year on 30 June and prepare interim financial statements in reference to the reporting date for the consolidated financial statements;
- the associate Fin.Priv Srl closes its financial year on 30 November.

The Consolidated Financial Statements were drawn up using restatements of the separate financial statements of the consolidated companies, adjusted to comply with IAS/IFRS standards, as applied by the Parent Unipol and approved by the Boards of Directors of the companies concerned.

Basis of consolidation

Companies consolidated on a line-by-line basis

This method provides for the consolidation on a line-by-line basis of the assets, liabilities, gains and losses of the consolidated companies as from the date they were acquired, with the carrying amount of the investment being offset against the corresponding amount of the shareholders' equity of each individual subsidiary and, in the case of investments not wholly owned, the separate recognition of the amount of the equity and the profit or loss for the year attributable to non-controlling interests.
The amount of equity attributable to non-controlling interests is recognised under shareholders' equity as "Share capital and reserves attributable to non-controlling interests", whilst the corresponding share of consolidated profit or loss is shown under "Profit (loss) for the year attributable to non-controlling interests".
The financial statements of the subsidiaries are consolidated on a line-by-line basis with the exception of small subsidiaries, for which the equity method is used.

Goodwill

If the cost of acquiring investments in subsidiaries exceeds the fair value of the identifiable assets, liabilities and contingent liabilities, the excess amount is recognised as goodwill under intangible assets.
This goodwill represents a payment made in the expectation of future economic benefits arising from assets that cannot be identified individually and recognised separately.
In the years after the year of acquisition, goodwill is measured at cost, net of any impairment losses accumulated.
Ancillary acquisition costs are recognised in the income statement during the year in which the costs are incurred or the services provided.

Under IFRS 10.23 changes in investments in subsidiaries that do not lead to a loss of control are recognised as equity transactions. Any positive difference between the proportion of net fair value of identifiable assets, liabilities and contingent liabilities of the subsidiary and the fair value of the price paid or received is recognised directly in profit for the period and allocated to the members of the holding company.

Companies measured using the equity method

When this method is used the carrying amount of the investment is adjusted to the corresponding portion of shareholders' equity, including the profit/loss for the year and all the adjustments made when consolidation is on a line-by-line basis. Any difference between the portion of shareholders' equity acquired and the fair value of the price paid (goodwill) is recognised in the carrying amount of the investment. Changes in interests in an associate which do not entail the acquisition of control or the loss of significant influence are treated as purchases or sales of shares, even if due to reasons other than purchases or sales, and therefore result in income or expenses recognised in the income statement and calculated on the basis of the difference between any consideration due or received and the change in the share of the investee's shareholders' equity held by the investor.

Elimination of intragroup transactions

The amounts receivable and payable between companies included in the consolidation scope, the gains and losses relating to transactions carried out between these companies and the profits and losses resulting from transactions carried out between these companies and not yet realised with parties external to the Group are eliminated during the preparation of Consolidated Financial Statements.

Segment reporting

Segment reporting is provided according to the provisions of IFRS 8 and structured on the basis of the major business segments in which the Group operated in the year reported in these consolidated financial statements and in the previous year:

- Non-Life insurance business;
- Life insurance business;
- Banking business;
- Real estate business;
- Holding and other businesses.

Segment reporting is carried out by separately consolidating the accounting items for the individual subsidiaries and associates that belong to each identified segment, eliminating intragroup balances between companies in the same segment and cancelling, where applicable, the carrying amount of the investments against the corresponding portion of shareholders' equity.
In the column "Intersegment eliminations", the intragroup balances between companies in different sectors are eliminated.
This rule does not apply in the following cases:

- investment relations between companies in different sectors, since the elimination of the investment takes place directly in the sector of the company that holds the investment, while any consolidation difference is attributed to the sector of the investee;
- collected dividends, eliminated in the sector of the company that collects the dividend;
- realised profits and expenses, since the elimination takes place directly in the sector of the company that realises the capital gain or loss.

No segment reporting based on geographical area has been provided since the Group operates mainly at the national level and there appears to be no significant diversification of risks and rewards, for a given type of business activity, based on the economic situation of the individual regions.

The segment reporting layout conforms to the provisions of ISVAP Regulation no. 7/2007.

2. Main accounting standards

New accounting standards

The changes to the accounting standards previously in force are summarised below, whose application took effect from 1 January 2020, for which no accounting impacts worthy of note were recorded.

IFRS 3 Amendments - Definition of a business

Regulation EU 2020/551 of 21 April 2020 amended IFRS 3 "Business Combinations", in order to provide support to entities in determining whether a transaction is an acquisition of a business or a group of assets that does not satisfy the definition of business pursuant to IFRS 3.

IAS 1 and IAS 8 Amendments - Definition of material

Regulation EU 2019/2104 of 29 November 2019, which amended IAS 1 "Presentation of financial statements" and IAS 8 "Accounting standards, changes in accounting estimates and errors", better clarified the definition of "material" as part of the general measurement criteria of the disclosure to be provided in the financial statements. In detail, an item of information is material if it is reasonable to presume that its omission, misstatement or concealment could influence the decisions of the main financial statements users.

IBOR interest rate reform

In 2019, at the request of the EU Commission, the IASB launched a project for the replacement of the reference IBOR (Inter Bank Offered Rate) rates, structuring it into two phases:

- Phase 1 "Pre-replacement phase": to limit the accounting effects in the financial statements in the period prior to the replacement of the rates;
- Phase 2 "Replacement phase": to limit accounting impacts in subsequent periods.

As concerns Phase 1, EU Regulation 2020/34 of 15 January 2020 adopted several amendments made by the IASB to the standards IFRS 9 "Financial instruments", IAS 39 "Financial instruments: recognition and measurement" and IFRS 7 "Financial instruments: disclosure", with the goal of removing uncertainties deriving from the reform of the IBOR (Inter Bank Offered Rate), allowing for some simplifications of the requirements laid out by such standards during the period prior to the change in benchmark rates. The amendments introduced mainly concerned the accounting practice of hedge accounting and the associated disclosures, as well as the pricing of financial assets and liabilities connected to these indexes.

Instead, with respect to Phase 2 of the project, in April 2020 the IASB published the Exposure Draft relating to amendments to IFRS 9 "Financial instruments", IAS 39 "Financial instruments: recognition and measurement", IFRS 7 "Financial instruments: disclosure", IFRS 4 "Insurance contracts" and IFRS 16 "Leases", issued in order to improve accounting disclosure on the effects of the IBOR reform following the introduction of the new benchmark interest rate. On 14 January 2021 EU Regulation 2021/25 was published in the Official Journal, containing the package of amendments to the above-mentioned standards, which entered into force on 1 January 2021.

Amendments to the Conceptual Framework for Financial Reporting

Regulation EU 2019/2075 of 29 November 2019 acknowledged, as part of the various references in the different IAS/IFRS accounting standards, the amendments introduced by the IASB to the IFRS Conceptual Framework Revised. The main changes introduced by said new conceptual framework with respect to the version previously in force concern:

- new concepts for measurements, presentation, transparency and the elimination from the financial statements of the values recognised previously;
- updates for the definition of assets and liabilities as well as for the concept of recognition of financial assets and liabilities;
- greater clarity for the concepts of prudence, uncertainty in measurements, substance over form and directors' responsibility.

Amendments to IFRS 16 – Leases "Effects of COVID-19"

On 12 October 2020 EU Regulation 2020/1434 was published on "COVID-19-Related Rent Concessions (Amendment to IFRS 16 - Leases)", in force as of 1 June 2020, which provides optional and temporary (as applicable only to changes in lease payments until 30 June 2021) support to entities, considering the negative effects of the pandemic situation. Specifically, by virtue of a specific agreement between the parties, the lessee has the right not to evaluate the rent concession as a substantial change in the lease, and furthermore is required to provide a dedicated disclosure in this regard in the financial statements. The Group relied on the right provided by the amendments to IFRS 16, the effects of which are in any event substantially immaterial. Lastly, on 10 March 2021, the IASB also approved an additional amendment to IFRS 16, for which the EU endorsement procedure has not yet been completed, which extends that right to lease payments until 30 June 2022.

New accounting standards not yet in force

The documents published by the International Accounting Standards Board listed below could be significant for the Group, but are still not applicable since they have not yet been endorsed by the European Union or have not yet entered into force at the reporting date.

Updates to IFRS 17 – Insurance contracts

In 2019, the IASB entered into dialogue with stakeholders in order to evaluate some amendments to the new accounting standard on insurance contracts, IFRS 17, issued on 18 May 2017, hence launching a process of redeliberation of some regulatory elements, partly already contained in the Exposure Draft "Amendments to IFRS 17" of June 2019, which was concluded in March 2020.

On 25 June 2020, the Board then published the final version of the amendments to the standard, incorporating several requests made by stakeholders, including the postponement of the date of initial application (initially established for 1 January 2021 and already deferred to 1 January 2022) to 1 January 2023, as well as the extension to that date of the "IASB Deferment" for the application of IFRS 9 for the insurance sector, in order to align the entry into force of the two accounting standards (see subsequent section on the matter).

Despite the numerous critical issues submitted for the attention of the IASB by stakeholders (including the Italian insurance market) with respect to the level of aggregation for certain life insurance contracts characterised by intergenerational mutualisation, the Board decided to maintain the annual cohort requirement unchanged, claiming that it was necessary in order to provide useful information to the market on changes in profitability over time of those types of contracts.

On 30 September 2020, EFRAG, as the body responsible for providing a technical opinion to the EU Commission concerning the incorporation of international accounting standards in European regulations, began a public consultation on the "Draft Endorsement Advice" expiring on 29 January 2021, in which it expresses a favourable opinion on respect for the IFRS 17 endorsement criteria, with the exception of the annual cohort requirement for certain types of contracts with intergenerational mutualisation and with strictly correlated cash flows, on which a shared position has not been reached by the Board members.

The Unipol Group has been strongly committed to planning for the future application of IFRS 17 since 2017, with extensive involvement of the main corporate functions. After a thorough assessment to determine the impact of this standard and measuring the gaps in terms of processes, IT systems, accounting, actuarial calculations, business and risk, at the beginning of 2018 the IFRS 17 transition project was launched which, under the guidance of UnipolSai, has gradually also involved the other insurance companies in the Group, with a view to implementing a single data processing and management model within the Group, leveraging common policies, processes and IT applications. Already starting from 2019 and until the Draft Endorsement Advice comment phase, the Unipol Group followed the debate with particular attention at both domestic and international level, participating in the relevant fora. In its comments, the Group expressed its desire for the endorsement of IFRS 17, provided the observations already made in previous standard definition phases could be addressed with reference to the elimination of the annual cohort requirement for certain types of contracts with intergenerational mutualisation and with strictly correlated cash flows. The observations mentioned above assume particular relevance with reference to the Italian life insurance market, in which the contract type in question is particularly widespread (class I contracts linked to segregated funds) and for which it is deemed that the current requirements laid out by the standard do not allow for an appropriate representation at economic and capital level consistent with the economic substance and the management methods of such contracts.

Deferment of IFRS 9 - Amendment of IFRS 4

On 25 June 2020, the Board issued the document "Extension of the Temporary Exemption from Applying IFRS 9", which entered into force on 1 January 2021 and which postpones the expiry of the temporary exemption from application of IFRS 9, established for the insurance sector, to 1 January 2023, in order to align the date of entry into force of the standard with the new IFRS 17 "Insurance contracts". On 16 December 2020, EU Regulation 2020/2097 was published in the Official Journal, modifying IFRS 4 and confirming the temporal extension of the exemption.

Lastly, on 27 January 2021, IVASS issued Measure no. 109 containing the amendments required to align the terms set forth in ISVAP Regulation 7/2007 with the extension of the exemption from the application of IFRS 9 to 1 January 2023.

Amendments to IFRS 3, IAS 16, IAS 37 and Annual Improvements 2018-2020

On 14 May 2020, the IASB published several amendments which will enter into force as of 1 January 2022 and which include some limited amendments to three accounting standards, as well as improvements to certain standards. More specifically:

- IFRS 3 "Business combinations": the reference present in IFRS 3 to the new revised Conceptual Framework was updated in order to resolve certain issues linked to the distinction between the acquisition of a business and the acquisition of a group of assets. However, this specification does not make any amendment to the provisions of that standard;
- IAS 16 "Property, plant and equipment": prohibition of deducting from the cost of the asset the amount received from the sale of goods produced prior to when the asset is ready for use. These sales revenues and the relative costs should therefore be recognised in the income statement;
- IAS 37 "Provisions, contingent liabilities and contingent assets": a clarification has been included with respect to the cost items to be considered in order to evaluate whether a contract could be defined as onerous;
- Annual Improvements: slight amendments were made to IFRS 1 "First-time Adoption of International Financial Reporting Standards", IFRS 9 "Financial instruments", IAS 41 "Agriculture" and to the illustrative examples accompanying IFRS 16 "Leases".

On 23 October 2020, EFRAG sent the Final Endorsement Advice to the EU Commission to proceed with the endorsement process, which should take place by mid-2021.

Amendments to IAS 1 - Classification of liabilities as current or non-current

On 23 January 2020, the IASB published the document "Classification of Liabilities as Current or Non-current (Amendments to IAS 1)" defining a more general approach for the classification of payables - and other liabilities - by providing several criteria for the distinction between "current" and "non-current". Specifically, the classification should be based on the substantial right, existing at the end of the year, to defer (or otherwise) the payment by at least twelve months. These amendments establish 1 January 2022 as the initial entry into force. However, in light of the operational difficulties arising from the COVID-19 pandemic, on 15 July the IASB decided to postpone it by one year, to provide companies with more time to implement the new classification criteria made necessary by the above-mentioned amendments, which will therefore be applied as of 1 January 2023.

Amendments to IAS 1 Presentation of Financial Statements, IFRS Practice Statement 2 "Making Materiality Judgements" and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

On 12 February 2021, the IASB published amendments to several standards in order to improve the communication of the accounting policies of companies, which should privilege information that is more relevant and effective for investors and users of financial statements. Specifically, the amendments to IAS 1 and IFRS Practice Statement 2 provide guidelines on how to apply the concept of materiality to the disclosure on the accounting policy adopted, while those to IAS 8 have the dual objective of introducing a new definition of "accounting estimate" and clarifying how entities should distinguish between changes in the accounting standards applied and changes in accounting estimates. This differentiation is of fundamental importance as the latter are applied on a prospective basis only to future transactions, while amendments to accounting standards are generally applied retroactively to past events as well. The amendments will be effective as of 1 January 2023, although early application is permitted.

Update on the main activities of the IASB/Authority on accounting matters

ESEF Regulation - Financial statements in the single electronic reporting format
EU Regulation 815/2018 of 17 December 2018, transposing EU Directive 2013/50 "Transparency", is addressed at all companies whose securities are admitted to trading on a regulated market and establishes the obligation to draft annual financial reports in the new XHTML format. Specifically, this regulation defines, including through technical annexes, the content that the new format must include, without however providing additional information on the filing of financial statements in the Member States. The date of initial entry into force of the preparation of financial statements in XHTML format was initially as of the year 2020 for the annual consolidated financial statements of listed companies. Considering the specific context deriving from the COVID-19 pandemic, following an agreement between the EU Commission, the EU Parliament and the European Council, individual states were allowed to postpone the initial application of this new method for preparing consolidated financial statements by one year, while in any event allowing individual issuers to anticipate application to 31 December 2020. The majority of the European Union's states, including Italy, exercised the right to postpone. In this context, the Group has decided to apply the new standards for drafting financial statements in electronic format as of the consolidated financial statements relating to the year 2021.

Non-Financial Reporting Standards
In the first part of 2020, the European Commission conducted a public consultation on sustainable finance concerning the revision of the Non-Financial Reporting Directive (NFRD, Directive 2014/95/EU), which currently requires large public interest companies to communicate certain information to the public regarding the influence of non-financial issues and the company's impact on society and the environment.
In June 2020, the EU Commission requested a technical consultation from EFRAG in order to launch work in preparation for the development of possible non-financial reporting standards at EU level, as part of the revision of the current EU Directive adopted in Italy by Italian Legislative Decree 254/16. In this respect, in September 2020, EFRAG established the Project Task Force – Non-Financial Reporting Standards (PTF-NFRS).

The accounting standards and the most significant criteria used in drawing up the Consolidated Financial Statements are described below.

The paragraph numbers are the same as those of the corresponding items in the Statement of Financial Position and Income Statement, which are laid out in accordance with ISVAP Regulation no. 7/2007.

Statement of financial position

Assets

1 Intangible assets - IAS 38

In accordance with the provisions of IAS 38, the only intangible assets that may be capitalised are those that can be identified and controlled by the company and from which the company will derive future financial benefits.

The following assets are recognised as intangible assets with a finite life:
- goodwill paid for the acquisition of Non-Life and Life portfolios: the value of the policies acquired is calculated by estimating the present value of the future cash flows of the existing policies. The Group amortises this value throughout the expected average residual life. This valuation is reviewed annually;
- costs incurred for the acquisition of software licences, amortised over three years;
- trademarks acquired within a business combination;
- costs incurred for consultancy on major projects for the development and implementation of IT systems, including customisation of the corresponding software, amortised over five or ten years according to its estimated useful life.

Projects under development are not amortised until the year in which they are first used.

Goodwill paid when companies are acquired or merged is also included among intangible assets, as already mentioned in the previous paragraph Basis of consolidation (also provisionally, determined on the basis of IFRS 3). As this goodwill has an indefinite useful life, it is not amortised, but it is tested for impairment at least once a year, or each time there is any indication of impairment; durable impairments are recognised in the income statement and cannot be reversed in subsequent years.

2 Property, plant and equipment - IAS 16 and IFRS 16

The item includes properties used for business purposes, plant, other machines and equipment owned by the Group and rights of use acquired through lease contracts for the use of a tangible asset, except for contracts with a duration equal to or less than 12 months or referring to assets of a modest unit value.

For recognising and measuring this category of assets the Group has adopted the cost model, which systematically depreciates the asset's depreciable amount over its useful life. With reference to property, plant and equipment deriving from right of use recognition, as envisaged in IFRS 16, the initial recognition value corresponds with the present value of future payments to the lessor over the contractual duration of the lease, also including amounts due to the lessor for the exercise of any purchase option on the asset if such exercise is considered reasonably certain.
Depreciation, which is carried out each year on a straight-line basis, begins when the asset is available and ready for use and ends when the asset has come to the end of its useful life (which in the case of property is estimated at 33.4 years). In the case of wholly-owned properties (land and buildings) depreciation is carried out only on the building.

Consolidated real estate companies include in the carrying amount the borrowing costs incurred for loans specifically for acquiring and renovating property, if this can be justified.

The costs of improvements and conversions are capitalised if they result in an increase in the useful life or the carrying amount of the assets.

Assets that suffer impairment losses are written down.
The carrying amount of property acquired as a result of business combinations is reassessed on the basis of the current value on the date of acquisition.

3 Technical provisions - Reinsurers' share - IFRS 4

This item includes reinsurers' liabilities arising from reinsurance contracts governed by IFRS 4.

4 Investments

4.1 Investment property - IAS 40

This item includes property or rights of use (IFRS 16) held either to earn rental income or for capital appreciation or for both.
Investment property is recognised by applying the cost method, as allowed by IAS 40 (an alternative to the fair value method).
If the final recoverable amount of property is estimated to be less than the carrying amount (or zero) it is depreciated annually on a straight-line basis, based on the recoverable amount and the estimated useful life (33.4 years). This generally applies to properties that are instrumental by nature, such as hotels, shopping centres, and office buildings.
If the recoverable amount of the property is estimated to exceed the carrying amount, no depreciation is applied. For the Group this is the case with residential property. In the case of wholly-owned properties (land and buildings) depreciation is carried out only on the building.

The costs of improvements and conversions are capitalised if they result in an increase in the carrying amount, the useful life or the profitability of the assets.

Assets that suffer impairment losses are written down. The market value is determined at least once a year by means of expert appraisals conducted by outside companies.

The carrying amount of property acquired as a result of business combinations is reassessed on the basis of the current value on the date of acquisition.

4.2 Investments in subsidiaries, associates and interests in joint ventures - IAS 28

This item includes investments in associates as defined in IAS 28 and investments in subsidiaries that because of their size are considered immaterial, which are measured using the equity method or at cost.

Financial assets - IAS 32 and 39 - IFRS 7 9 and 13

With effect from 2018, the year in which the conditions of Regulation (EU) 2017/1998 came into force for the parent companies of financial conglomerates, the Unipol Group exercised the option of deferring the application of IFRS 9 solely for the insurance sector. Specifically, therefore, the following were applied in these consolidated financial statements:

- IAS 39 in reference to financial instruments held by UnipolSai and its subsidiaries;
- IFRS 9 for financial instruments held by the remaining entities included in the consolidation scope (mainly consisting of the Parent and the other financial entities), and to calculate the shareholders' equity of associates required to apply IFRS 9 in their separate financial statements.

It should be mentioned that the Group recognises financial transactions on the value date.

4.3 Held-to-maturity investments - IAS 39

Investments in securities held to maturity are recognised at amortised cost, net of any impairment losses.
This category includes bonds that the Group intends and is in a financial position to hold to maturity, for example most of the fixed-yield bonds acquired to match special Life tariffs.

If a substantial number of securities in this category are sold early (or reclassified), all the remaining securities must be reclassified as Available-for-sale financial assets and the category cannot be used for the next two financial years.

4.4 Loans and receivables - IAS 39

Receivables in this category consist of agreements for which the Group holds a right to the cash flows arising from the loan agreement. They are characterised by fixed or determinable payments and are not listed on an active market.
This category includes mortgages and loans provided to the insurance companies, reinsurers' deposits, loan repurchase agreements, term deposits exceeding 15 days, receivables for agents' reimbursements, unlisted debt securities not held for sale which the Group intends to hold for the foreseeable future, including bonds reclassified following application of IAS 39 paragraphs 50D and 50E.

In accordance with the provisions of IAS 39, loans and receivables must be initially recognised at their fair value, which corresponds to the amount granted including the transaction costs and the commissions and fees chargeable directly. Following the initial recognition receivables are measured at the amortised cost, which is represented by the initial carrying amount net of repayments, plus or minus any difference between the initial amount and the amount on maturity because of amortisation calculated in accordance with the criterion of effective interest method and less any impairment loss or reduction due to non-recoverability.
Applying the effective interest rate method enables the financial effect of a loan transaction to be spread evenly over its expected life, which makes financial sense. In fact, the effective interest rate is the rate that discounts all the future cash flows of the loan and establishes a present value corresponding to the amount granted including all the transaction costs and income pertaining to it. When the cash flows and the contractual term of the loan are being estimated, all the contractual terms that can affect the amounts and the maturity dates (for instance, early repayments and the various options that may be exercised) are taken into account but not the losses expected on the loan. Following initial recognition, for the whole life of the loan the amortised cost is determined by continuing to apply the effective interest rate fixed at the start of the transaction (original interest rate). This original interest rate does not vary over time and is also used in the case of any contractual amendments to the interest rate or events as a result of which the loan has in practice stopped bearing interest (for instance, due to insolvency proceedings).

The amortised cost method is applied only to loans with an original term of at least eighteen months, on the assumption that in the case of shorter loans the application of this method does not involve significant changes to the financial effect. Loans with a term of less than eighteen months and those that have no fixed maturity date and revocable loans are therefore measured at their historical cost.

On the reporting date for each set of annual or interim financial statements, the loans are assessed to identify those for which there is objective evidence of impairment due to events that have occurred after their initial recognition.

Receivables assigned are eliminated only if the assignment involves the substantial transfer of the risks and rewards pertaining to the receivables. If this is not the case, receivables continue to be recognised even though ownership of them has been legally transferred.
The presumption is that all the risks and rewards are substantially transferred if the assignment involves transferring at least 90% of them. On the other hand, the presumption is that all the risks and rewards are substantially retained if the assignment involves transferring no more than 10% of them.
If the assignment does not involve either transferring or retaining a substantial percentage of the risks and rewards (in the event that the Group retains more than 10% but less than 90% of the risks/rewards), the receivables are eliminated provided the Group retains no control over them. Otherwise, the fact that some control over the receivables assigned is retained means that they are maintained in the financial statements in proportion to the level of residual involvement.

4.4 bis - Financial assets measured at amortised cost - IFRS 9

This financial statements item includes financial assets that meet both the following conditions:

- the financial asset is held within the context of a new business model that has the objective to collect contractual cash flows (HTC - Held to Collect);
- contractual terms of financial assets generate, at predetermined maturity, cash flows representing only principal and interests on the residual capital that meet the Solely Payments of Principal and Interest (SPPI) condition.

The initial recognition of these financial assets is carried out when the Group becomes a party in the contractual terms of the financial instrument, which usually coincides with the date of settlement. The value of the initial recognition is equal to the fair value of the financial instrument, which generally corresponds to the related purchase cost, including directly chargeable transaction costs or income.

After the initial recognition, these assets are measured at amortised cost by using the effective interest method, as well as net of impairment loss.

For the purpose of quantifying impairment, financial assets (other than purchased or originated credit impaired assets, or "POCI") are classified in three stages (credit rating):

- Stage 1: financial assets qualified as "performing", for which a significant increase in credit risk has not been recognised with respect to the initial recognition date. As permitted by IFRS 9, with reference to debt securities, regardless of the identification of a significant increase in credit risk, in Stage 1 the Unipol Group includes also financial assets that, at the measurement date, were in any case qualified as "at low credit risk" (i.e. "Low credit risk exemption");
- Stage 2: financial assets qualified as "performing", for which a significant increase in credit rating has been recognised with respect to the initial recognition date;
- Stage 3: impaired financial assets.

With reference to POCI, the amortised cost and the relative impairment adjustments are calculated in a specific manner on the basis of an effective interest rate adjusted for the credit risk determined by taking initial expected losses into account in estimated future flows.

Impairment is determined:

- on the basis of expected losses in the 12 subsequent months for assets in Stage 1;
- based on the expected losses throughout the life of the instrument for assets included in Stages 2 and 3 and for POCI.

4.5 Available-for-sale financial assets - IAS 39

Investments classified as available-for-sale financial assets are measured at fair value. The differences with respect to the carrying amount must be recognised in the shareholders' equity in a specific reserve for unrealised gains/losses (net of tax). In the event of sale or impairment established as a result of impairment testing, unrealised gains or losses accumulated in the shareholders' equity until that time are transferred to the income statement.
Information on how the fair value is determined is provided in the section "Fair value measurement criteria – IFRS 13".

The amortised cost of the debt securities in this category calculated using the effective rate of return is recognised in the income statement. The comparison with the fair value is made after the proportion of the amortised cost for the year has been recognised.

This category includes debt securities, equity securities, UCITS units, and investments deemed to be of strategic importance (less than 20% of the share capital, of commercial or corporate strategic importance).

Impairment policy for financial assets adopted by the Unipol Group

IAS 39, paragraph 58, provides for companies to carry out assessments on each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.
In order to determine whether a financial asset or a group of financial assets shows signs of impairment, a regular impairment test must be carried out. Indicators of a possible impairment are, for instance, the issuer's significant financial difficulties, failure to pay the full amount of interest or principal, the possibility of the beneficiary becoming bankrupt or entering into another insolvency proceeding and the disappearance of an active market for the asset.
Pursuant to paragraph 61 of IAS 39, a "significant or prolonged" decline in the fair value of an equity instrument below its cost must be considered as "objective evidence of impairment".
IAS 39 does not define the two terms "significant" and "prolonged" but implies, partly on the basis of an IFRIC guideline, that their meaning should be left to the directors' judgement, whenever annual or interim financial statements must be prepared under IAS, provided that the meaning is determined in a reasonable manner and complies with paragraph 61 of IAS 39.

Without prejudice to the case of any investments in equity instruments qualified for the company holding them as Available-for-sale (AFS) financial assets and, within the consolidated financial statements of the Parent Unipol, as an equity investment in an associate, the Group has defined as "significant" a reduction of more than 50% in the market value of AFS equity instruments with respect to the initial recognised value and as "prolonged" the permanence of market value at levels below the initially recognised amount for more than 36 months.

Therefore, for equity instruments, the impairment test is carried out by selecting all the instruments to which at least one of the following conditions applies:

a) the market price has remained below the initially recognised amount for the last 36 months;
b) the impairment on the reporting date is more than 50% of the initial recognition amount.

The impairment of these instruments is deemed to be confirmed and the total change in fair value is recognised in the income statement, with elimination of gains or losses on the underlying available-for-sale financial assets. With reference to the equity instruments qualified for the company holding the instruments as AFS and within the consolidated financial statements of the Parent Unipol as an equity investment in an associate, the recognition of any impairment is evaluated on the basis of the economic/capital performance of the investee company, irrespective of the occurrence of the conditions applicable for all equity instruments.

For debt securities, whenever payment of a coupon or repayment of principal is late or missed and this is confirmed by the custodian bank, the Group Finance Department immediately notifies the Risk Management Department, so that the latter can carry out the assessments within its competence on the need to recognise an impairment on these instruments.

4.5 bis - Financial assets measured at fair value through other comprehensive income (FVOCI) - IFRS 9

Debt securities or loans, fulfilling both conditions, are recognised in this category:

- the financial assets are held within the context of a new business model that has the objective to both collect contractual cash flows and sell financial assets (HTCS - Held to Collect & Sell), and;
- contractual terms of financial assets generate, at predetermined maturity, cash flows representing only principal and interest on the residual capital that meet the SPPI condition.

The initial recognition of these financial assets is carried out at the date in which the Group becomes a party in the contractual terms of the financial instrument, which usually coincides with the date of settlement. The value of the initial recognition is equal to the fair value of the instrument, which generally corresponds to the related purchase cost, including transaction costs or income that are directly chargeable to the same.
After the initial recognition, these assets continue to be measured at fair value. The interest component resulting from the application of the amortised cost method, as well as impairment losses resulting from the measurement of credit risk, are included in the income statement, while gains and losses resulting from changes in fair value are recognised directly in Shareholders' equity under "Gains or losses on financial assets (other than equity instruments) measured at fair value through other comprehensive income".
In the event the asset is cancelled, accrued gains and losses due to changes in fair value are recognised through profit or loss.
As regards details on determining of impairment losses, reference is made to the previous item.

Equity instruments that meet the following conditions are also classified under the category Financial assets measured at fair value through other comprehensive income:

- they are not equity investments in subsidiaries, associates or jointly controlled entities;
- they are not held for trading nor represent a potential consideration for a business combination, pursuant to IFRS 3;
- an irrevocable option was exercised for their designation at fair value through other comprehensive income.

Any gains or losses consequent to the change in fair value are disclosed directly in Shareholders' equity under the item "Gains or losses on equity instruments at fair value through other comprehensive income".
Specifically, the accounting of equity instruments, classified under category FVOCI, is different from the one applicable to debt securities classified under the same category, for the following reasons:

- the impairment requirements of IFRS 9 are not applicable to equity instruments;
- all exchange differences are recognised in the OCI reserve;
- the values recorded in OCI (Other Comprehensive Income) are never reclassified to income statement (not even for cancellation/netting);
- only dividends are recognised through profit or loss.

4.6 Financial assets at fair value through profit or loss - IAS 39 and IFRS 9

Investments in this category are recognised at fair value and the differences (positive or negative) between fair value and carrying amount are recognised through profit or loss.
Information on how the fair value is determined is provided in the section "Fair value measurement criteria – IFRS 13".

There are three further sub-items:

- held-for-trading financial assets, which includes debt securities and equity instruments, mainly listed, credit positions in derivative contracts and structured financial instruments where the embedded derivative would have to be separated if they were classified in a different category;
- financial assets to be recognised at fair value through profit or loss, mainly consisting of assets linked to financial liabilities measured at fair value such as investments related to policies issued by insurance companies where the investment risk is borne by the policyholders and those arising from pension fund management;
- financial assets mandatorily measured at fair value through profit or loss (FVTPL): this category includes all financial assets that do not meet the classification criteria at amortised cost or fair value, with changes recognised in comprehensive income statement (FVOCI), that are not financial assets designated at fair value or held-for-trading financial assets[43].

The initial recognition of such financial assets is carried out at the date in which the entity becomes a party of the contractual terms related to the financial instruments, usually coinciding with the settlement date for the debt securities and equity instruments, and at the subscription date for derivatives, for a value equal to the fair value of the financial instrument, without considering transaction costs or income that are directly recognised in the income statement.
After the initial recognition, these assets are measured at fair value and changes in value are recognised in the income statement.

Derivatives

Derivatives are initially recognised at the purchase cost representing the fair value and subsequently measured at fair value. Information on how the fair value is determined is provided in the section "Fair value measurement criteria – IFRS 13".

Derivatives may be acquired for "trading" or "hedging" purposes. For hedging transactions, IAS 39 sets out cumbersome and complex rules to assess, by preparing appropriate documentation, the effectiveness of the hedge from the time it is activated and throughout its entire term (hedge accounting).

All derivatives are placed in the category "Financial assets at fair value through profit or loss".

Reclassifications of financial assets – IAS 39

If an available-for-sale financial asset is transferred to the held-to-maturity investments category, the fair value recognised on the date of transfer becomes its new cost or amortisable cost. Any previous gain or loss on this asset that has been recognised directly in equity is recognised through profit or loss throughout the remaining useful life of the investment held to maturity using the effective interest method.

If a financial asset is no longer held for sale or repurchased in the short term (although the financial asset may have been acquired or held mainly for sale or repurchase in the short term), it may be transferred from fair value through profit or loss if the following requirements are met:

- the circumstances are very unusual (IAS 39, paragraph 50B), or
- the asset to be reclassified would have come under "loans and receivables" (if the financial asset had not had to be classified as held for trading when initially recognised) and the entity has the intention and the ability to hold the financial asset for the foreseeable future or to maturity (IAS 39, paragraph 50D).

A financial asset classified as available for sale that would have come under loans and receivables (if it had not been designated as available for sale) may be transferred from "available for sale" to "loans and receivables" if the entity has the intention and the ability to hold the financial asset for the foreseeable future or to maturity (IAS 39, paragraph 50E).

[43] Definitions and accounting methods envisaged in IFRS 9 for financial assets at fair value and held-for-trading financial assets (sub-items 4.6.1 and 4.6.2 in the Consolidated Statement of Financial Position) are substantially consistent with those already envisaged in IAS 39.

If an entity reclassifies a financial asset from fair value through profit or loss or from "available for sale", it must reclassify the financial asset at its fair value on the date of reclassification and the gain or loss already recognised in the income statement must not be reversed. The fair value of the financial asset on the date of reclassification becomes its new cost or amortised cost (IAS 39, paragraphs 50C and 50F).

In the case of a financial asset reclassified from "available for sale", the previous gain or loss on the asset recognised directly in the equity must be amortised in the income statement throughout the asset's remaining useful life using the effective interest method.

If the entity has reclassified a financial asset from fair value through profit or loss or from "available for sale", the following is some of the information that must be provided (IFRS 7):
- the amount reclassified from and to each category;
- for each year until it is derecognised, the carrying amount and the fair value of all financial assets reclassified during the current and preceding year;
- whether a financial asset was reclassified in accordance with paragraph 50B of IAS 39, however unusual the situation, and the facts and the circumstances of the unusual situation;
- for the financial year in which the financial asset was reclassified, the fair value gain or loss on the financial asset;
- for each year after reclassification (including the year in which the financial asset was reclassified) until the financial asset is derecognised, the fair value gain or loss that would have been recognised if the financial asset had not been reclassified.

Reclassifications of financial assets – IFRS 9

With reference to debt securities, reclassifications among other categories of financial assets are limited to cases in which there is a change to the business model for financial asset management and forward-looking recognition is applied, i.e. without adjusting any economic component recognised previously. The reclassification of equity instruments is not permitted.

Accounting of structured bonds issued by special purpose vehicles (SPVs)

The Group invests in notes issued by SPVs with rather similar purposes and management methods as those that characterise investments in structured and unstructured bonds, made as part of the ordinary financial management of resources derived from normal business. This financial management is characterised, in relation to the Group's business sector, by a special degree of complexity, which requires, under certain circumstances, the subscription of financial assets with specific characteristics (e.g. in terms of maturity, creditworthiness and payoff) that are not always easy to find on the financial markets. The investment opportunities offered via SPVs also make it possible, owing to their specific nature, to expand the range of financial investments available.

The Unipol Group classifies and records the bonds issued by SPVs based on the instructions provided in IAS 39, deeming the circumstance that they have been issued by SPVs irrelevant, in consideration of the fact that the SPV is, in fact, considered merely a technical instrument through which to structure complex financial instruments whose risk/return profile is essentially evaluated by jointly taking into consideration the contracts that govern the notes issued by the SPV, the associated derivative contracts (generally swap agreements) and any other contractual clauses such as financial guarantee or similar clauses, or yet other "ancillary" clauses which may, in theory, make provision, when given conditions are satisfied, for the liquidation of the securities. The SPVs whose bonds are held by the Unipol Group in fact, consistently replicate, with the arranger, the positions they assume with noteholders, as the risks or returns of the transaction cannot be retained within it.

Therefore, investments in notes issued by SPVs are accounted for on the basis of IAS 39, with the same criteria applied for the investments in structured and unstructured bonds, with particular regard to the presence of embedded derivatives and valuations regarding any segregation. In fact, an entity must only consolidate an SPV in the event the entity exercises control over it pursuant to IFRS 10, paragraphs 6 and 7.

The Unipol Group, with regard to bonds issued by SPVs in the portfolio at 31 December 2020, does not exercise any form of control over the SPVs, in the sense that it is not able to govern the management process of the SPVs (which, in fact, is defined by the arrangers of the investment transaction in which the Group participates by subscribing the notes and other relevant contracts) and does not obtain any benefits from the SPVs other than those strictly dependent on the formally subscribed financial instrument. The Group holds the notes issued by the SPV and can only dispose of these autonomously, as it does not have the power to dispose of the financial instruments held by the vehicle. It is reasonable to infer, from this, that the Group holds no form of control of the SPVs pursuant to IFRS 10.

In cases where, through the SPV internal segments, which segregate the risks and benefits of issues, the majority of said risks and benefits are transferred to the Unipol Group, the consolidation of the segments would lead to the need to replace the debt securities issued by the SPV and subscribed by the Group with a financial asset which, in terms of the associated risks and returns, exactly replicates the financial profile of the notes cancelled as a result of the consolidation.
In fact, the segments consistently replicate, with the arranger, the positions the latter assume with noteholders, as the risks or benefits of the transaction cannot be retained within it. The result is that the financial asset to be recognised due to the consolidation of the segments would have, substantively speaking and therefore for the purposes of classification and measurement pursuant to IAS 39, characteristics identical to those of the notes cancelled as a result of the consolidation of said segment; the result being that, in the case of consolidation of segments in which the risks/benefits of the asset pertain fully to the Unipol Group, there would be no substantive effects on the accounting representation of the transaction, essentially confirming the fact that, in effect, the SPVs are technical instruments for realising an investment in financial assets with characteristics which are, for all intents and purposes, equivalent to those of the notes issued by the SPV itself and segregated in the segment.

5 Sundry receivables

Sundry receivables are recognised at their nominal value and subsequently assessed at their estimated realisable value.

The item Sundry receivables includes receivables due within twelve months, in particular Receivables relating to direct insurance business, Receivables relating to reinsurance business and Other receivables, such as trade receivables and tax receivables.

6 Other assets

6.1 Non-current assets or assets of a disposal group held for sale - IFRS 5

This item includes Non-current assets held for sale and any discontinued operations as defined by IFRS 5.

Assets held for sale are recognised at the carrying amount or fair value, whichever is the lower, less costs to sell.
If an investment in a subsidiary consolidated using the line-by-line method is to be sold within the time limit set by IFRS 5, all the assets of the company to be sold are reclassified as "Non-current assets or assets of a disposal group held for sale" in the consolidated statement of financial position (item 6.1 of the Assets) and the liabilities are similarly reclassified under the single item "Liabilities associated with disposal groups" (item 6.1 of the Liabilities). Both items appear in the consolidated financial statements net of intragroup transactions with the company to be sold.

If a group continues to operate in the business of the company to be sold, income statement items relating to the assets held for sale or disposal groups are recognised in accordance with the normal rules of consolidation on a line-by-line basis.

6.2 Deferred acquisition costs

This item includes acquisition costs for multiyear insurance contracts, paid in advance and amortised on a straight-line basis over the maximum life of the contracts.

6.3 Deferred tax assets - IAS 12

This item includes deferred tax assets based on the deductible temporary differences between the carrying amounts and the amounts for tax purposes of the assets and liabilities of the individual consolidated companies and on the consolidation adjustments. If there are any tax losses, deferred tax assets are also recognised provided there is a probability that taxable income for which they can be used will be available in future.
Deferred taxes are based on the tax rates applied at the end of the year or on the rates that are expected to be applied in the future according to the information available at the end of the financial year.

If assets are revalued solely for tax purposes and relate neither to a revaluation of the carrying amount for a previous year nor to one that is to be carried out in a subsequent year, the tax effects of the adjustment for tax purposes must be recognised in the income statement.

Deferred tax assets and liabilities, distinguished by type of tax, are offset at the level of single Group company or at the consolidated level, within the limits of the scope of the tax consolidation agreement set up by Unipol.

6.4 Current tax assets - IAS 12

This item includes assets related to current taxation.

6.5 Other assets

Among other things, this item includes prepayments and accrued income and deferred commission expense for investment contracts with no discretionary participation feature, as these are additional costs incurred to acquire the contract, amortised on a straight-line basis over the whole life of the contract.

7 Cash and cash equivalents - IAS 7

Cash and cash equivalents include cash on hand, cash in current accounts available on demand, and term deposits for periods not exceeding 15 days.

Liabilities

1 Shareholders' equity - IAS 32

1.1.1 Share capital

The item includes the share capital of the consolidating company.

1.1.2 Other equity instruments

This item includes perpetual regulatory capital instruments qualifiable as Restricted Tier 1 issued by the Parent, which do not envisage in any case any obligation on the part of the issuer to reimburse the principal or interest to subscribers (without prejudice to cases of liquidation or the exercise of the right to early redemption by the issuer). These instruments are recognised at the issue value, net of issue expenses and the relative tax benefits. In line with this classification, coupon payments to subscribers are recognised, similar to what takes place for the payment of dividends, as a direct reduction from the equity reserves. Please note that analogous perpetual capital instruments issued by subsidiaries (if not held by the parent and as a result eliminated in the consolidation process) are recognised in the item 1.2.1 Share capital and reserves attributable to non-controlling interests.

1.1.3 Capital reserves

This item includes in particular the share premium reserve of the company that carries out the consolidation. It includes the direct costs of issuing equity instruments, net of tax, and any commission income, net of tax, received for the sale of option rights not exercised by shareholders.

1.1.4 Income-related and other equity reserves

In addition to the income-related and other reserves of the consolidating company, this item includes in particular gains or losses arising from the first-time application of IAS/IFRS (IFRS 1), gains or losses resulting from changes in accounting standards or accounting estimates (IAS 8), equalisation and catastrophe provisions eliminated under IFRS 4, provisions arising from equity-settled share-based payment transactions (IFRS 2) and consolidation reserves.

1.1.5 Treasury shares

This item includes the equity instruments of the undertaking that draws up the consolidated financial statements owned by the undertaking itself and the consolidated companies. The item was negative. The gains or losses resulting from their subsequent sale are recognised as changes in shareholders' equity.

1.1.6 Reserve for foreign currency translation differences

The item includes the exchange rate differences to be charged to shareholders' equity pursuant to IAS 21, whether they arise from transactions in foreign currency or from conversion into the currency of presentation of the financial statements stated in foreign currency.

1.1.7 Gains or losses on available-for-sale financial assets

This item includes gains or losses on available-for-sale financial assets, net of tax and amounts pertaining to policyholders as a result of the application of shadow accounting.

1.1.7 bis Gains or losses on financial assets measured at fair value through other comprehensive income

This item includes gains or losses on financial assets measured at fair value through other comprehensive income, net of related taxes.

1.1.8 Other gains or losses recognised directly in equity

This item includes, inter alia, gains or losses on cash flow hedges, revaluation reserves of property, plant and equipment and intangible assets and gains or losses on financial assets measured at fair value through other comprehensive income.

2 Provisions - IAS 37

Provisions are made for risks and charges only when they are deemed necessary to meet an obligation arising from a past event and when it is likely that the amount of resources required can be reliably estimated.

3 Technical provisions - IFRS 4

Classification of insurance contracts

According to IFRS 4 insurance contracts are contracts that transfer significant insurance risks. Such contracts may also transfer financial risks.
An insurance risk is significant if, and only if, there is a reasonable possibility that the occurrence of the insured event will cause a significant change in the current value of the insurer's net cash flows.
Investment contracts are contracts that transfer financial risks but involve no significant insurance risks.
Some insurance and investment contracts may include discretionary participation features.

As for the Non-Life sector, all the policies in the portfolio were classified as insurance contracts.

As regards the Life sector, the principal criteria used for classifying Life products as insurance policies were:

- the presence of a significant insurance risk, i.e. the reasonable possibility that the occurrence of the insured event would give rise to the payment of significant "additional benefits" compared with those that would have been payable if the insured event had not taken place. The criteria for identifying the presence of significant insurance risk are structured as follows:
  - above 10% the contract is an insurance contract;
  - under 5% the contract is a financial contract;
  - between 5% and 10% specific product analyses are carried out;
- the presence of options or guarantees, such as the coefficient of conversion into a guaranteed rate annuity.

Some contracts provide for discretionary participation features (DPF) i.e. the policyholder's right to receive a benefit in addition to the guaranteed minimum. The benefit must fulfil specific contractual terms and represent a significant part of the total payments. In particular, contracts subject to revaluation and linked to segregated funds were classified as investment products with DPF and were therefore measured and recognised as insurance contracts.

A contract classified as an insurance contract continues to be an insurance contract until terminated, whereas under certain circumstances an investment contract may be subsequently classified as an insurance contract.

However, the following types of contract were classified as investment contracts with no DPFs. For this reason, according to paragraph 3 of IFRS 4, contracts of this type do not produce premiums but are measured and recognised in accordance with IAS 39:

- index-linked, where the sum insured in the event of death corresponds to the value of the asset plus a small percentage;
- unit-linked, where the sum insured in the event of death corresponds to the NAV plus a small percentage;
- mixed, where funding is specific and the technical rate is zero;
- capital redemption, where funding is specific and the technical rate is zero;
- pension funds with guaranteed benefit when the policy matures or when certain events occur.

In the case of unit-linked products the loading and the acquisition commissions for the asset management service are recognised and amortised separately over the life of the contract. In the case of index-linked policies, which are not managed over time but only administered, these deferments are not necessary.

Non-Life business technical provisions

Premium provision

The direct insurance premium provision is established analytically for each policy using the pro rata temporis method, as provided by paragraph 5 of Annex no. 15 to ISVAP Regulation no. 22 of 4 April 2008 (former ISVAP Regulation no. 16 of 4 March 2008 as amended), on the basis of the gross premiums written less acquisition commissions and the other acquisition costs that are chargeable directly, with the exception of risks included in the Credit class for contracts stipulated or renewed on or before 31 December 1991, for which the calculation criteria provided in Annex 15-bis to the same Regulation no. 22, as amended, apply. In the case of long-term contracts the amount of amortisation for the year is deducted.
Under certain conditions the premium provision also includes the premium provision for unexpired risks, calculated in accordance with the simplified method laid down in paragraph 6 of Annex no. 15 to ISVAP Regulation no. 22 of 4 April 2008, which is based on the expected loss ratio for the year, adjusted on a prospective basis.
The total amount allocated to this provision is sufficient to meet costs arising from the portion of risk pertaining to subsequent years.
The reinsurers' share of the premium provisions is calculated by applying to the premiums ceded the same criteria as those used for calculating the premium for direct insurance business provision.

Ageing provision

The ageing provision, intended to cover the deterioration of the risk as the age of the policyholders rises, is calculated on the basis of the flat-rate method provided for by Art. 44, paragraph 3 of Annex no. 15 of ISVAP Regulation no. 22 of 4 April 2008 as amended, to the extent of 10% of the gross premiums written of the year pertaining to contracts having the characteristics given under paragraph 43, paragraph 1 of the Annex.

Claims provision

The direct claims provision is ascertained analytically by estimating the presumed cost of all the claims outstanding at the end of the year and on the basis of prudent technical valuations carried out with reference to objective elements, in order to ensure that the total amount set aside is enough to meet the claims to be settled and the relative direct expenses and settlement expenses.
The figures ascertained in this way were analysed and checked by Head Office. Subsequently, in order to take account of all reasonably foreseeable future charges, actuarial-statistical methods are used to determine the final level of the claims provision.
The claims provision also includes the amounts set aside for claims incurred but not reported, based on past experience of IBNR for previous years.
The reinsurers' share of the claims provision reflects the sums recovered from them to meet the reserves, the amounts being laid down in the individual policies or in the contracts.

Provision arising from the adequacy test for Non-Life technical provisions

The Non-Life technical provisions have been subjected to the test provided for by IFRS 4 (Liability Adequacy Test - LAT).

In order to monitor the adequacy of the premium provision, the supplementary provision for Unexpired Risks is calculated for each individual company and class of business using the simplified method provided for in paragraph 6 of Annex no. 15 to ISVAP Regulation no. 22 of 4 April 2008. As claims for the year are measured at final cost and not discounted, future payment flows can be deemed to have implicitly taken place (LAT on the claims provision).

Life business technical provisions

The amount recognised is calculated in accordance with the provisions of Art. 36 of Italian Legislative Decree 209 of 7 September 2005 (Insurance Code) and Annex no. 16 of ISVAP Regulation no. 22 of 4 April 2008 (former ISVAP Regulation no. 21 of 28 March 2008, as amended).

Mathematical provisions

The mathematical provision for direct insurance is calculated analytically for each contract on the basis of pure premiums, with no deductions for policy acquisition costs, and by reference to the actuarial assumptions (technical interest rates, demographic models of death or disability) used to calculate the premiums on existing contracts. The mathematical provision includes the portion of pure premiums related to the premiums accrued during the year. It also includes all the revaluations made under the terms of the policy and is never less than the surrender value. In accordance with the provisions of Art. 38 of Italian Legislative Decree 173/1997, technical provisions, which are set up to cover liabilities deriving from insurance policies where the yield is based on investments or indices for which the policyholder bears the risk, and provisions arising from pension fund management, are calculated by reference to commitments made under these policies and to the provisions of Art. 41 of Italian Legislative Decree 209 of 7 September 2005.

Under Art. 38, paragraph 3, of Italian Legislative Decree 173/1997, the mathematical provision includes provisions set up to hedge the risk of mortality in insurance contracts in Class III (as laid down in Art. 2, paragraph 1, of Italian Legislative Decree 209 of 7/9/2005), which provide a benefit should the insured party die during the term of the contract.
In the case of insurance contracts in Class III and VI the mathematical provision also includes the provisions set up to fund guaranteed benefits on maturity or when certain events occur (as laid down in Art. 2, paragraph 1, of Italian Legislative Decree 209 of 7/9/2005). The mathematical provision also includes an additional provision for demographic risk. To this regard, it was decided to add to the provisions to be set up to cover commitments undertaken with the policyholders, in compliance with Annex 14, paragraph 36 of ISVAP Regulation no. 22 of 4 April 2008 after having verified a variance between the demographic bases used to calculate the principals forming the annuities and table A62 prepared by ANIA.

Furthermore, an additional provision was set up to cover the possible variance between the expected rates of return on the assets held as a hedge against the technical provisions and commitments by way of levels of financial guarantees and adjustments made to the benefits provided under the policies.

As laid down in Art. 36, paragraph 3, of Italian Legislative Decree 209 of 7 September 2005, the provision for amounts payable includes the total amount needed to cover payment of benefits that have fallen due but not so far been paid, surrendered policies and claims not yet paid.

Other technical provisions consist almost entirely of amounts set aside for operating expenses and are calculated on the basis of the provisions of paragraph 17 of Annex 14 of ISVAP Regulation no. 22 of 4 April 2008.

The liability adequacy test required by IFRS 4 was also carried out to verify that the technical provisions are adequate to cover the present value of future cash flows related to insurance contracts.
The test was performed by projecting the cash flows and taking into account the following elements:

- guaranteed services by guarantee line, projected on the basis of contractual conditions;
- trend in the existing portfolio relating to recurring payment aspects, contract expiry, policyholder mortality and propensity to redemption;
- costs and revenues associated with portfolio management and liquidation.

Provision for shadow accounting

The shadow accounting technique set out in IFRS 4 enables the unrealised losses and/or gains on the underlying assets to be recognised as technical provisions for insurance or investment contracts that offer discretionary participation features as if they had been realised. This adjustment is recognised in the shareholders' equity or the income statement depending on whether the losses or gains in question are recognised in the shareholders' equity or the income statement.
Net losses are recognised in the provision for deferred financial liabilities to policyholders only after the guaranteed minimum has been reached, otherwise the company continues to bear them in full. Losses are quantified using a financial prospective method in line with Annex 14, paragraph 32 of ISVAP Regulation no. 22 of 4 April 2008, amended and supplemented by IVASS measure no. 53 of 6 December 2016.
Applying shadow accounting enables the value mismatch between technical provisions and related assets to be mitigated and is therefore deemed to be more representative of the economic substance of the transactions in question.

4 Financial liabilities - IAS 39 - IFRS 9

This item includes the financial liabilities at fair value through profit or loss and the financial liabilities measured at amortised cost.

4.1 Financial liabilities at fair value through profit or loss

The financial liabilities in this category are subdivided into two further sub-items:

- held-for-trading financial liabilities, which include negative items on derivatives;
- financial liabilities to be measured at fair value through profit or loss, which include the financial liabilities related to contracts issued by insurance companies where the investment risk is borne by the policyholders, when the insurance risk is not significant, and where there is no discretionary participation feature.

4.2 Financial liabilities at amortised cost

This item includes deposits received from reinsurers, debt securities issued, financial liabilities for future payments to lessors following the recognition of right of use on property, plant and equipment in application of IFRS 16, other loans obtained and liabilities on Life policies with a financial content where the insurance risk is not significant and there is no discretionary participation feature (some types of product matched by specific funding).

5 Payables

Payables includes Payables arising from direct insurance business, Payables arising from reinsurance business and Other payables, such as trade payables, payables for policyholders' tax due, payables for post-employment benefits, sundry tax payables and social security charges payable.

Payables are recognised at their nominal value.

Employee benefits - IAS 19

Post-employment benefits accrued by 31 December 2006 that were not transferred to external bodies in accordance with the provisions of Italian Legislative Decree 252/05 on supplementary pension schemes come under the category of employee benefits classified as a defined benefits plan. The amount due to employees is therefore calculated using actuarial techniques and discounted at the reporting date, using the "Projected unit credit method" (a method based on benefits accrued in proportion to length of employment).
The same method is used to establish the effects of other defined benefits for employees for the post-employment period.

Actuarial gains and losses relating to obligations deriving from defined benefit plans are recorded under Other comprehensive income (expense).
Future cash flows are discounted on the basis of the market yield curve, recorded at the end of the year, for corporate bonds issued by issuers with high credit standing.

The service cost and net interest are recognised in the Income statement.

Net interest is calculated by applying to the net value of liabilities for defined benefits existing at the start of the year the one-year interest rate taken from the yield curve used to discount the liability at the end of the previous year.

6 Other liabilities

6.1 Liabilities associated with disposal groups - IFRS 5

Please see above for the corresponding asset item.

6.2 Deferred tax liabilities - IAS 12

Deferred tax liabilities are recognised whenever there is a taxable temporary difference, except in the cases provided for in paragraph 15 of IAS 12.
Deferred tax liabilities must be measured using the tax rates that are expected to apply during the year in which the tax liability will be paid off, based on the ruling tax rates (and tax legislation) or those in force at the reporting date. If tax rates change, despite being prior year items, the deferred taxes recalculated in accordance with the new rates are recognised under Income tax in the income statement or under equity reserves to which the temporary variations in question apply.

With regard to the offsetting of deferred tax assets and liabilities, reference should be made to the previous paragraph "6.3 Deferred tax assets - IAS 12" in the section on Assets.

6.3 Current tax liabilities

This item includes current tax payables.

6.4 Other liabilities

This item includes, inter alia, accrued expense and deferred income, accruals for commissions on premiums under collection and deferred commission income related to investment contracts with no discretionary participation feature required in advance for the contract-administration service or for the investment-management service, amortised on a straight-line basis over the life of the contract or, in the case of whole-life contracts, over the "expected" life of the contract.

Income Statement

1 Revenue and income

1.1 Net premiums

This item includes the premiums related to insurance contracts and financial instruments that include discretionary participation features, net of reinsurance.
Premiums are recognised at the time they are due. The total for the year is obtained by adding the premium provision.

1.2 Commission income

This item includes commission income for financial services provided. It includes fees pertaining to the year related to Life assurance contracts classified as financial liabilities. In the case of unit-linked policies, in particular, acquisition fees for the asset management service provided have been recognised and deferred throughout the term of the contract.

1.3 Gains and losses on financial instruments at fair value through profit or loss

This item includes realised gains and losses, interest, dividends, charges and positive and negative changes in value of financial assets and liabilities at fair value through profit or loss.

1.4 Gains on investments in subsidiaries, associates and interests in joint ventures

This item includes investments in subsidiaries, associates and interests in joint ventures recognised in the corresponding asset item.

1.5 Gains on other financial instruments and investment property

This item includes gains on investments that do not come under the previous two categories. It mainly includes interest income on Loans and receivables and on securities classified as available-for-sale financial assets and held to maturity, other investment income, including dividends and rental income from investment property, and realised gains on the sale of financial assets or liabilities and investment property.

1.6 Other revenue

This item includes income arising from the sale of goods, the provision of services other than those of a financial nature and the use by third parties of the company's property, plant and equipment and other assets. It also includes other net technical income on insurance contracts, exchange rate differences allocated to the income statement as per IAS 21, realised gains and reversals of impairment losses on property, plant and equipment and other assets.

2 Costs and expenses

2.1 Net charges relating to claims

This item includes the amounts paid during the year for claims, matured policies and surrendered policies, as well as the amount of the changes in technical provisions related to contracts that fall within the scope of IFRS 4, net of amounts recovered and outwards reinsurance.

2.2 Commission expense

This item includes commission expense for financial services received. It includes commissions on Life assurance contracts classified as financial liabilities. In particular, acquisition commissions paid for the placement of unit-linked policies are amortised throughout the term of the contract to meet deferred acquisition loadings.

2.3 Losses on investments in subsidiaries, associates and interests in joint ventures

This item includes losses on investments in subsidiaries, associates and interests in joint ventures recognised in the corresponding asset item.

2.4 Losses on other financial instruments and investment property

This item includes losses from investment property and financial instruments other than investments and financial instruments classified as "Assets at fair value through profit or loss". It mainly includes interest expense on financial liabilities, other investment expense, costs relating to investment property such as condominium expenses and maintenance expenses that do not increase the value of the investment property, losses realised as a result of the derecognition of financial assets or liabilities and investment property, depreciation and impairment losses.

2.5 Operating expenses

This item includes commissions and other acquisition costs relating to insurance contracts, investment management expenses, other administrative expenses, and depreciation and amortisation (overheads and personnel expenses that are not allocated to losses relating to claims, insurance contract acquisition expenses or investment management expenses).

2.6 Other costs

This item mainly includes other net technical charges relating to insurance contracts, additional amounts set aside during the year, exchange rate differences to be allocated to the income statement under IAS 21, realised losses and depreciation and amortisation relating to property, plant and equipment and intangible assets, not allocated to other cost items.

3 Income tax for the year

Pursuant to Art. 117 et seq. of Italian Presidential Decree 917/1986, for the years 2018-2019-2020, the Parent Unipol has chosen the IRES tax consolidation regime, as consolidating company, with UnipolSai and other subsidiaries, meeting legal requirements, taking part as consolidated companies. Unipol has signed an agreement with these companies regulating the economic and financial aspects governing the regime in question, recognising in its financial position the effects of the transfer of the IRES taxable income of the consolidated companies, calculated pursuant to the law, keeping into account the applicable consolidation adjustments and the tax credits accrued.

Tax for the year is calculated according to current tax regulations and recognised among costs for the year on an accrual basis and represents:
- the charges/income for current taxes;
- the amounts of deferred tax assets and liabilities arising during the year and usable in future years;
- for the portion due for the year, the deduction of deferred tax assets and liabilities generated in previous years.

Deferred tax assets and liabilities are calculated on the basis of the temporary differences (arisen or deducted during the year) between the profit (loss) for the year and the taxable income and on the consolidation adjustments. In respect of tax losses prior to the applicable period of tax consolidation, deferred tax assets are recognised to the extent in which said losses can be reasonably used against future IRES-taxable income. IRAP for the year is also recognised under Income tax.

4 Profit (loss) from discontinued operations

The item includes:
- profit and loss from discontinued operations, as defined by IFRS 5, net of tax effects; and
- the capital gain or capital loss, net of tax effects, recognised following the fair value measurement net of costs to sell, or disposal of assets in the group of assets held for sale that constitute the discontinued operations.

Foreign currency transactions - IAS 21

Items expressed in foreign currencies are treated in accordance with the principles of multicurrency accounting.
Monetary elements in foreign currency (units of currency owned and assets or liabilities that must be received or paid in a fixed or ascertainable number of units of currency) are translated using the exchange rate applicable at the end of the year.
Non-monetary elements measured at historical cost in foreign currency are translated using the exchange rate applicable on the date of the transaction.
Non-monetary elements measured at fair value in a foreign currency are translated using the exchange rates applicable on the date on which the fair value is determined.
Exchange rate differences arising from the settlement of monetary elements are recognised in the income statement. Exchange rate differences arising when non-monetary elements are measured are allocated to the profit (or loss) for the year or to other comprehensive income (expense) depending on whether the profit (or loss) to which they relate is recognised in the profit (loss) for the year or in other comprehensive income (expense), respectively.

Share-based payments - IFRS 2

The Group pays additional benefits to senior executives under a closed share-based compensation plan under which Unipol Ordinary shares and UnipolSai Ordinary shares are granted if specific targets are achieved (Performance shares). As laid down by IFRS 2 – Share-based payments, these plans form part of the beneficiaries' remuneration. The charge must be recognised through profit or loss, with a balancing item - for Unipol Ordinary shares only - recognised directly in equity (Reserve arising from equity-settled share-based payment), on the basis of the fair value of the instruments allocated on the grant date, the charge being spread over the period provided for in the scheme.

Earnings per share - IAS 33

Basic earnings per share are calculated by dividing the profit allocated to holders of ordinary shares in the Parent Unipol by the weighted average number of ordinary shares outstanding during the year.
Diluted earnings per share are calculated by dividing the profit allocated to holders of ordinary shares in the Parent Unipol by the weighted average number of any additional ordinary shares that would be outstanding if all the potential ordinary shares with dilutive effect were converted. If the result is negative, the loss (basic and diluted) per share is calculated.

Use of estimates

The application of certain accounting standards implies significant elements of judgment based on estimates and assumptions which are uncertain at the time they are formulated.
It is believed that the assumptions made are appropriate and, therefore, that the financial statements have been drafted clearly and give a true and fair view of the statement of financial position, income statement and statement of cash flows.

In order to formulate reliable estimates and assumptions, reference has been made to past experience, and to other factors considered reasonable for the case in question, based on all available information. However, we cannot exclude that changes in these estimates and assumptions may have a significant effect on the statement of financial position and income statement as well as on the potential assets and liabilities reported in the financial statements for disclosure purposes, if different elements emerge with respect to those considered originally.

The estimates mainly concern:
- technical Life and Non-Life provisions;
- assets and liabilities measured at fair value (particularly for level 2 and 3 financial instruments);
- the analyses targeted at identifying any impairment of intangible assets (e.g. goodwill) booked to the financial statements (impairment test);
- the quantification of provisions for risks and charges and provisions for employee benefits.

For information on the methods used to determine the items in question and the main risk factors, please refer to the sections containing a description of the measurement criteria.

Fair value measurement criteria - IFRS 13

IFRS 13 provides guidelines to the measurement at fair value of financial instruments and non-financial assets and liabilities already required or permitted by other accounting standards (IFRS). This standard:
a) defines fair value;
b) groups into a single accounting standard the rules for measuring fair value;
c) enriches financial statement information.

The standard defines fair value as the sale price of an asset based on an ordinary transaction or the transfer price of a liability in an ordinary transaction on the main reference market at terms applicable at the measurement date (exit price).
Fair value measurement assumes that the transaction relating to the sale of assets or transfer of liabilities can take place:
- on the main listing market;
- if there is no listing market, on the market most advantageous for the assets and liabilities to be measured.

When a market price is not observable, the measurement methods which maximise the use of observable parameters and minimise the use of non-observable parameters must mainly be used.
IFRS 13 also defines a fair value hierarchy based on the level of observability of the inputs contained in measurement techniques used to measure fair value.

IFRS 13 governs the fair value measurement and the associated disclosure also for assets and liabilities not measured at fair value on a recurring basis in the statement of financial position. For these assets and liabilities, fair value is calculated for financial statement disclosure purposes. It should also be noted that since said assets and liabilities are not generally exchanged, the calculation of their fair value is based primarily on the use of internal parameters not directly observable on the market, with the sole exception of listed securities classified as "Held-to-maturity investments".

Fair value measurement criteria

The table below summarises the methods to calculate the fair value for the different macro categories of financial instruments, receivables and property.

		Mark to Market	Mark to Model and other
Financial Instruments	**Bonds**	CBBT contributor - Bloomberg Other contributor - Bloomberg	Mark to Model Counterparty valuation
	Listed shares and investments, ETFs	Reference market	
	Unlisted shares and investments		DCF DDM Multiples
	Listed derivatives	Reference market	
	OTC derivatives		Mark to Model
	UCITS	Net Asset Value	
Receivables			Trade receivables (Mark to Model) Other receivables (carrying amount)
Property			Appraisal value

In compliance with IFRS 13, the market price is used to determine the fair value of financial instruments, in the case of instruments traded in liquid and active markets (Mark to Market).

"Liquid and active market" means:
a) the regulated market in which the instrument subject to measurement is traded and regularly listed;
b) the multilateral trading system (MTF) in which the instrument subject to measurement is traded or regularly listed;
c) listings and transactions performed on a regular basis, i.e. high-frequency transactions with a low bid/offer spread, by an authorised intermediary (hereinafter "contributor").

In the absence of available prices on a liquid active market, valuation methods are used which maximise the use of observable parameters and minimise the use of non-observable parameters. These methods can be summarised in Mark to Model valuations, valuations by counterparty or valuations at the carrying amount in connection with some non-financial asset categories.

Mark to Market valuations

With reference to shares, listed investments, ETFs and listed derivatives, the Mark to Market valuation corresponds to the official valuation price of the market.

For bonds, the sources used for the Mark to Market valuation of financial assets and liabilities are as follows:
a) the primary source is the CBBT price provided by data provider Bloomberg;
b) where the price referred to the previous point is unavailable, an internal scoring model is used, which makes it possible to select liquid and active contributors on the basis of pre-defined parameters.

For UCITS the Net Asset Value is the source used.

Mark to Model valuations

The Group uses valuation methods (Mark to Model) in line with the methods generally used by the market.

The objective of the models used to calculate the fair value is to obtain a value for the financial instrument consistent with the assumptions that market participants would use to quote a price, assumptions that also concern the risk inherent in a particular valuation technique and/or in the inputs used. To ensure the correct Mark to Model valuation of each category of instrument, adequate and consistent valuation models must be defined beforehand as well as reference market parameters.

The list of the main models used within the Unipol Group for Mark to Model pricing of financial instruments is provided below:

Securities and interest rate derivatives:
- Discounted cash flows;
- Black;
- Black-Derman-Toy;
- Hull & White 1, 2 factors;
- Libor Market Model;
- Longstaff & Schwartz;
- Kirk.

Securities and inflation derivatives:
- Discounted cash flows;
- Jarrow-Yildirim.

Securities and share, index and exchange rate derivatives:
- Discounted cash flows;
- Black-Scholes.

Securities and credit derivatives:
- Discounted cash flows;
- Hazard rate models.

The main observable market parameters used to perform Mark to Model valuations are as follows:
- interest rate curves for reference currency;
- interest rate volatility surface for reference currency;
- CDS spread or Asset Swap spread curves of the issuer;
- inflation curves for reference currency;
- reference exchange rates;
- exchange rate volatility surface;
- share or index volatility surface;
- share reference prices;
- reference inflation curves.

The main non-observable market parameters used to perform Mark to Model valuations are as follows:
- correlation matrices between exchange rates and risk factors;
- historical volatility;
- benchmark spread curves constructed to assess bonds of issuers for which the prices of the bonds issued or CDS curves are unavailable;
- credit risk parameters such as the recovery rate;
- delinquency or default rates and prepayment curves for ABS"type financial instruments.

With reference to bonds in those cases when, even on the basis of the results of the Scoring Model, it is not possible to measure an instrument using the Mark to Market method, the fair value is obtained on the basis of Mark to Model type valuations. The different valuation models referred to above are chosen according to the instrument characteristics.

For OTC derivative contracts, the models used are consistent with the risk factor underlying the contract. The fair value of OTC interest rate derivatives and OTC inflation-linked derivatives is calculated on the basis of Mark to Model type valuations, acknowledging the rules set in IFRS 13.
As regards derivatives on which a collateralisation agreement is provided (Credit Support Annex) between the companies of the Unipol Group and the authorised market counterparties, the EONIA (Euro OverNight Index Average) discount curve is used.
As regards uncollateralised derivatives, CVA (Credit Valuation Adjustment) and DVA (Debit Valuation Adjustment) adjustments are made. It should be noted that, at 31 December 2020, almost all derivative positions represented collateralised contracts for which CSA agreements are in place with the counterparties involved in the trading.

As regards unlisted shares and investments for which a market price or an appraisal by an independent expert is not available, the valuations are performed mainly on the basis of (i) equity methods, (ii) methods based on the discounting of future profit or cash flows, i.e. Discounted Cash Flow (DCF) or Dividend Discount Model (DDM), (the so-called "excess capital" version) (iii) if applicable, methods based on market multiples.

As regards unlisted UCITS, Private Equity Funds and Hedge Funds, the fair value is calculated as the Net Asset Value at the financial statement date provided directly by the fund administrators.

The carrying amount is used for other loans.

With reference to properties, the fair value is measured on the basis of the appraisal value provided by independent experts, in compliance with current legal provisions.

Counterparty valuations

For financial assets and liabilities which do not fall into the categories of instruments valued on a Mark to Market basis and for which there are no consistent and validated valuation models available for the purposes of measuring fair value, the valuations provided by the counterparties that could be contacted to liquidate the position are used.

Unique characteristics of the fair value measurement for structured bonds and SPV structured bonds

Bond issues that incorporate a derivative contract which modifies the cash flows generated by the host contract are considered structured bonds. The measurement of structured bonds requires the representation and separate valuation of the host contract and of embedded derivative contracts.
The measurement of structured bonds makes use of models consistent with the breakdown into elementary components (host contract and embedded derivatives) and with the risk factor underlying said contract.

For structured bonds, the valuation of elementary components follows the criteria defined above for the calculation of fair value, which makes provision for use of Mark to Market valuation if available, or of the Mark to Model approach or counterparty price in the case in which the Mark to Market-type price is not available.
Bonds issued by a Special Purpose Vehicle secured by collateral and whose flows paid are generated by an interest rate swap contract in place between the vehicle and the swap counterparty (usually the arranger of the transaction) are considered SPV structured bonds.
The measurement of SPV structured bonds requires the representation and separate valuation of the following elements:
- collateral issue of the vehicle;
- interest rate swap agreement between the vehicle and arranger;
- any other optional components or CDS agreements included in the vehicle.

For SPV structured bonds the valuation of collateral follows the criteria defined previously for the calculation of the fair value, which makes provision for the use of the Mark to Market approach if available, or the Mark to Model approach or the counterparty price in the case in which the Mark to Market type price is not available.

The valuation of the interest rate swap agreement provides for the discounting of future cash flows on the basis of the different discount curves, based on the existence or not of a collateralisation agreement (Credit Support Annex) between the vehicle and swap counterparty. In particular, if the derivative contract is collateralised using available securities included in the SPV's assets, the future cash flows of the interest rate swap agreement are discounted using the EONIA discount curve; while if there is no collateralisation agreement, use is made of CVA (Credit Valuation Adjustment), DVA (Debit Valuation Adjustment) and FVA (Funding Valuation Adjustment), as appropriate.

Criteria for determining the fair value hierarchies

Assets and liabilities measured at fair value are classified on the basis of the hierarchy defined by IFRS 13. This classification establishes a fair value hierarchy based on the degree of discretionary power used, giving priority to the use of observable market parameters, as these are representative of the assumptions that market participants would use in the pricing of assets and liabilities.

Assets and liabilities are classified on the basis of the criterion used to determine fair value (Mark to Market, Mark to Model, Counterparty) and on the basis of the observability of the parameters used, in the case of the Mark to Model valuation:

- Level 1: this category includes assets and liabilities valued on a Mark to Market basis, with CBBT price source and with contributor prices that meet the minimum requirements to ensure that these prices can be used in active markets;
- Level 2: this category includes assets and liabilities valued on a Mark to Market basis, but which cannot be classified in the previous category, and assets the fair value of which is obtained with a consistent pricing model with observable market parameter inputs;
- Level 3: this category includes assets and liabilities for which the variability of the estimate of the pricing model may be significant due to the complexity of the pay-off or, if a consistent and validated model is available, the parameters needed for the valuation are not observable. This category also includes bonds which do not meet the requirements defined in the scoring test (see the paragraph "Mark to Market valuations") and for which a Mark to Model valuation is not possible. Lastly, this category also includes loans and investment property.

Fair value measurement on a recurring basis

Process for fair value measurement on a recurring basis

The measurement of financial instruments is a preliminary activity for risk monitoring, integrated asset and liability management and the drafting of the financial statements for the year.

The fair value measurement of financial instruments on a recurring basis is structured into different stages and is carried out, in compliance with the principles of separateness, independence and responsibility of the departments, at the same time, and independently, by the Finance Department and the Risk Management Department of Unipol Gruppo, using the measurement criteria defined in the previous paragraph.

When the independent valuations of financial assets and liabilities have been carried out by the two Departments involved in the pricing process, a check is performed for significant deviations, which refer to deviations of more than 3% in terms of absolute value. In the event of deviations of more than 3%, the reasons for the differences identified are analysed and, when the outcomes of the comparison are known, the price to be used for financial statement valuation purposes is determined.

Fair value measurement on a recurring basis through non-observable parameters (Level 3)

The classification of financial assets and liabilities at Level 3 adheres to a prudential approach; this category mainly includes the following types of financial instruments:

- unlisted equity instruments or investments for which a market price or an appraisal drafted by an independent expert is not available; valuations are performed on the basis of the methods indicated previously;
- shares in private equity funds, hedge funds and unlisted UCITS units for which information on the financial instruments held in the relative portfolios is not available and which could, as such, include financial instruments valued on a Mark to Model basis using non-observable parameters;
- bonds valued on a Mark to Model basis using non-observable parameters (correlations, benchmark spread curves, recovery rate);
- bonds valued with a counterparty price on a Mark to Model basis using non-observable parameters;
- ABS type bonds for which a Mark to Market valuation is not available;
- derivative instruments valued on a Mark to Model basis using non-observable parameters (correlations, volatility, dividend estimates);
- bonds which do not meet the requirements defined in the scoring test (see the paragraph "Mark to Market valuations") and for which a Mark to Model valuation is not possible.

Fair value measurement on a non-recurring basis in compliance with the disclosure requirements of other standards

Consistent with the provisions of IFRS 13, fair value is measured also for assets and liabilities not measured at fair value on a recurring basis in the statement of financial position and when the disclosure on fair value has to be provided in the Notes to the financial statements in compliance with other international accounting standards. Since these assets and liabilities are usually not exchanged, the calculation of their fair value is based primarily on the use of internal parameters not directly observable on the market. This category mainly includes the following types of financial instruments:

- bond issues valued on a Mark to Market basis (level 1);
- bond issues and loans valued on a Mark to Model basis using non-observable parameters (benchmark spread curves) (level 3);
- short-term payables with a duration of less than 18 months and Certificates of Deposit at amortised cost (level 3);
- impaired loans and receivables from bank customers measured at amortised cost, net of analytical valuations (level 3);
- other receivables valued at carrying amount (level 3);
  investment property valued on the basis of the appraisal value determined by independent experts in compliance with the provisions of the applicable legislation. The approach to assigning appraisal mandates is based on the non-exclusive assignment of assets; there is usually a three-year rotation in the assignment of experts.

3. Notes to the Statement of Financial Position

Comments and further information on the items in the statement of financial position and the changes that took place compared to balances at 31 December of the previous year are given below (the numbering of the notes relates to the mandatory layout for the preparation of the statement of financial position).

In application of IFRS 5, assets and liabilities held for sale are shown respectively under items 6.1 in Assets and 6.1 under Liabilities. As regards Non-current assets or assets of a disposal group held for sale, please refer to Chapter 5 Other information, paragraph 5.5, for more information on their composition and measurement criteria.

ASSETS

1 Intangible assets

Amounts in €m	**31/12/2020**	31/12/2019	*variation in amount*
Goodwill	**1,630.9**	**1,625.0**	***5.9***
resulting from business combinations	1,630.7	1,624.8	*5.9*
other	0.2	0.2	
Other intangible assets	**408.1**	**387.1**	***21.0***
portfolios acquired under business combinations	61.3	90.3	*(29.0)*
software and user licences	326.3	278.5	*47.8*
other intangible assets	20.4	18.3	*2.1*
Total intangible assets	**2,039.0**	**2,012.1**	***26.9***

1.1 Goodwill

This item, equal to €1,630.9m (€1,309.1m of which relating to the Non-Life business and €321.9m relating to the Life business) includes €1,624.8m from goodwill resulting from business combinations in previous years and €5.9m from goodwill recognised during the year following the acquisition of Cambiomarcia, calculated provisionally as permitted by IFRS 3. Reference should be made to the Basis of presentation, "Information about business combinations" section, of these Notes for further details of the accounting method for the Cambiomarcia acquisition.

Goodwill with an indefinite useful life recorded in the financial statements was tested for impairment in accordance with the procedure specifically approved by Unipol's Board of Directors. For information on the criteria used for the tests, please refer to paragraph 5.13 of Chapter 5 of this document, "Other information".

1.2 Other intangible assets

The item, totalling €408.1m (€387.1m in 2019), is composed primarily of the residual value of the Life and Non-Life portfolios acquired as a result of business combinations, equal to €61.3m (€90.3m in 2019), and costs incurred for purchasing software, licences, consultancy and the customisation of software programs for €326.3m (€278.5m in 2019) and other intangible assets for €20.4m (€18.3m at 31/12/2019).

In relation to the item Portfolios acquired under business combinations, the decrease with respect to 31 December 2019, amounting to €29m, is due to amortisation for the year, of which €16.5m on the values related to the Non-Life (€20.3m at 31/12/2019) and €12.5m to the Life portfolios (€16.8m at 31/12/2019).

2. Property, plant and equipment

At 31 December 2020, Property, plant and equipment, net of accumulated depreciation, amounted to €2,365.7m (€2,484.2m in 2019), €1,532.9m of which was Properties for own use (€1,633.2m in 2019) and €832.9m was Other tangible assets (€851.1m in 2019).

Properties for own use

Amounts in €m	Gross carrying amount	Accumulated depreciation	Net carrying amount
Balance at 31/12/2019	**1,992.6**	**(359.5)**	**1,633.2**
Increases	18.8		18.8
Decreases	(66.0)		(66.0)
Depreciation for the year		(47.7)	(47.7)
Other changes in provisions		(5.3)	(5.3)
Balance at 31/12/2020	**1,945.4**	**(412.5)**	**1,532.9**

The increases refer to incremental expenses and to assets measured using the financial method pursuant to IFRS 16.
The decreases include transfers to the category Investment property for €47.7m and write-downs for €2.7m.

The current value of properties for own use, €1,675.7m, was based on independent expert appraisals.

Other tangible assets

Amounts in €m	Office furniture and machines	Movable assets entered in public Registers	Plant and equipment	Other tangible assets	Total
Balance at 31/12/2019	**378.1**	**996.0**	**367.0**	**12.6**	**1,753.7**
Increases	26.2	168.6	179.6	15.7	390.1
Decreases	(7.9)	(134.7)	(173.3)	(2.5)	(318.4)
Balance at 31/12/2020	**396.4**	**1,029.8**	**373.3**	**25.8**	**1,825.4**
Accumulated depreciation at 31/12/2019	**304.7**	**417.7**	**180.0**	**0.2**	**902.6**
Increases	20.9	173.3	74.0	0.0	268.3
Decreases	(2.2)	(131.4)	(44.7)	(0.0)	(178.3)
Accumulated depreciation at 31/12/2020	**323.4**	**459.7**	**209.3**	**0.2**	**992.5**
Net amount at 31/12/2019	**73.4**	**578.2**	**187.1**	**12.4**	**851.1**
Net amount at 31/12/2020	**73.0**	**570.2**	**164.1**	**25.6**	**832.9**

3. Technical provisions - Reinsurers' share

The balance of the item at 31 December 2020 amounted to €835.3m (€989.6m in 2019). Details are set out in the appropriate appendix.

4. Investments

At 31 December 2020, total Investments (Investment property, Equity investments and Financial assets) amounted to €68,643.6m (€65,116.9m in 2019), broken down as follows:

Amounts in €m	**31/12/2020**	% comp.	31/12/2019	% comp.	% var.
Investment property	2,176.0	3.2	1,991.1	3.1	9.3
Investments in subsidiaries, associates and interests in joint ventures	1,153.7	1.7	1,003.4	1.5	15.0
Financial assets (excl. those at fair value through profit or loss)	58,136.1	84.7	54,656.8	83.9	6.4
Held-to-maturity investments	*420.8*	0.6	*454.6*	0.7	(7.4)
Loans and receivables	*4,519.3*	6.6	*4,006.6*	6.2	12.8
Financial assets at amortised cost	*422.7*	0.6	*516.1*	0.8	(18.1)
Available-for-sale financial assets	*50,899.5*	74.2	*48,620.0*	74.7	4.7
Financial assets at fair value through OCI	*1,601.4*	2.3	*689.5*	1.1	132.3
Held-for-trading financial assets	*257.2*	0.4	*283.8*	0.4	(9.4)
Financial assets mandatorily at fair value	*15.2*	0.0	*86.1*	0.1	(82.3)
Financial assets at fair value through profit or loss	7,177.8	**10.5**	7,465.6	**11.5**	**(3.9)**
Total Investments	**68,643.6**	**100.0**	**65,116.9**	**100.0**	**5.4**

4.1 Investment property

Amounts in €m	Gross carrying amount	Accumulated depreciation	**Net carrying amount**
Balance at 31/12/2019	**2,259.0**	**(267.9)**	**1,991.1**
Increases	332.7		332.7
Decreases	(96.0)		(96.0)
Depreciation for the year		(35.8)	(35.8)
Other changes in provisions		(16.0)	(16.0)
Balance at 31/12/2020	**2,495.7**	**(319.7)**	**2,176.0**

Increases refer primarily to purchases and incremental expenses: in particular, the acquisition through Fondo Emporion, whose shares are wholly owned by UnipolSai and which is managed by UnipolSai Investimenti SGR, of a real estate portfolio consisting of 28 "Coop" brand points of sale owned by Coop Alleanza 3.0 for a value of €217.8m. They also include transfers from the category Property, plant and equipment for €47.7m and reversals of impairment losses for €16.2m.
The decreases, which include write-downs for €13.7m, refer primarily to disposals.

The current value of Investment property, €2,349.6m, was based on independent expert appraisals.

4.2 Investments in subsidiaries, associates and interests in joint ventures

At 31 December 2020, Investments in subsidiaries, associates and interests in joint ventures amounted to €1,153.7m (€1,003.4m in 2019). The item includes the interest with significant influence in BPER Banca for €1,068.5m.

Financial assets - items 4.3, 4.4, 4.4bis, 4.5, 4.5bis and 4.6
(excluding Financial assets at fair value through profit or loss)

Amounts in €m	**31/12/2020**	*% comp*	31/12/2019	*% comp*	*% var*
Held-to-maturity investments	**420.8**	0.7	**454.6**	0.8	***(7.4)***
Listed debt securities	420.8		422.6		*(0.4)*
Unlisted debt securities	(0.0)		32.0		*(100.0)*
Loans and receivables	**4,519.3**	7.8	**4,006.6**	7.3	***(163.1)***
Unlisted debt securities	3,936.4		3,471.4		*14.6*
Deposits with ceding companies	86.3		62.9		*37.2*
Other loans and receivables	496.6		472.3		*5.2*
Financial assets at amortised cost	**422.7**	0.7	**516.1**	0.9	***(96.4)***
Loans and receivables from bank customers	422.7		516.1		*(94.9)*
Available-for-sale financial assets	**50,899.5**	87.6	**48,620.0**	89.0	***6.5***
Equity instruments at cost	4.8		4.8		*(131.3)*
Listed equity instruments at fair value	449.7		516.7		*(12.9)*
Unlisted equity instruments at fair value	195.0		197.3		*(1.1)*
Listed debt securities	46,389.2		44,582.6		*5.9*
Unlisted debt securities	647.2		407.3		*59.1*
UCITS units	3,213.4		2,911.4		*10.9*
Financial assets at fair value through OCI	**1,601.4**	2.8	**689.5**	1.3	***6.7***
Listed equity instruments at fair value	55.3		240.1		*(78.2)*
Listed debt securities	1,546.1		449.4		*26.1*
Held-for-trading financial assets	**257.2**	0.4	**283.8**	0.5	***(9.4)***
Listed debt securities	141.1		90.6		*55.6*
Unlisted debt securities	1.3		3.5		*(63.5)*
UCITS units	1.8		6.1		*(70.2)*
Derivatives	113.1		183.6		*(38.4)*
Financial assets at fair value through profit or loss	**15.2**	0.0	**86.1**	0.2	***(82.3)***
Listed debt securities	15.0		10.5		*43.1*
UCITS units	0.2		75.7		*(99.7)*
Total financial assets	**58,136.1**	100.0	**54,656.8**	100.0	***6.4***

Details of **Financial assets at fair value through profit or loss** by investment type:

Amounts in €m	**31/12/2020**	*comp.%*	31/12/2019	*comp.%*	*var.%*
Financial assets at fair value through profit or loss	**7,177.8**	**100.0**	**7,465.6**	**100.0**	**(3.9)**
Listed equity instruments at fair value	138.8	*1.9*	164.6	*2.2*	*(15.7)*
Listed debt securities	2,986.7	*41.6*	4,374.4	*58.6*	*(31.7)*
Unlisted debt securities	0.4	*0.0*	2.3	*0.0*	*(82.3)*
UCITS units	3,015.2	*42.0*	2,576.4	*34.5*	*17.0*
Other financial assets	1,036.6	*14.4*	347.9	*4.7*	*198.0*

The information required by paragraphs 12 and 12A of IFRS 7 is contained in the appendix "Details of reclassified financial assets and their effects on the income statement and comprehensive income statement".
For information on *fair value*, reference should be made to paragraph 5.7 of Section 5 "Other information" of these Notes to the financial statements.

5. Sundry receivables

Amounts in €m	**31/12/2020**	31/12/2019	*% var.*
Receivables relating to direct insurance business	1,482.4	1,456.2	*1.8*
Receivables relating to reinsurance business	166.9	260.8	*(36.0)*
Other receivables	1,591.6	1,467.1	*8.5*
Total sundry receivables	**3,240.9**	**3,184.0**	***1.8***

The item Other receivables included:

- tax receivables amounting to €732.4m (€710.4m at 31/12/2019);
- substitute tax receivables on the mathematical provisions totalling €346.9m (€302.6m at 31/12/2019);
- payments made as cash collateral against derivative payables totalling €257.5m (€166.8m at 31/12/2019);
- trade receivables amounting to €185.8m (€212.4m at 31/12/2019).

6. Other assets

Amounts in €m	**31/12/2020**	31/12/2019	*% var.*
Non-current assets or assets of a disposal group held for sale	203.3	189.2	*7.4*
Deferred acquisition costs	99.2	101.2	*(2.0)*
Deferred tax assets	330.9	510.9	*(35.2)*
Current tax assets	9.0	3.9	*133.0*
Other assets	544.7	502.7	*8.4*
Total other assets	**1,187.2**	**1,308.0**	***(9.2)***

Deferred tax assets are shown net of the compensation carried out, pursuant to IAS 12, with the corresponding taxes (IRES or IRAP) recorded in deferred tax liabilities.

The item Other assets includes, inter alia, deferred commission expense on contracts not included in the scope of application of IFRS 4 and other accruals and deferrals.

7. Cash and cash equivalents

At 31 December 2020, Cash and cash equivalents amounted to €1,094.8m (€1,007m at 31/12/2019).

LIABILITIES

1. Shareholders' equity

At 31 December 2020, Shareholders' equity amounted to €9,525.3m (€8,304.6m at 31/12/2019), recording an increase in Shareholders' equity attributable to the owners of the Parent (€1,422.3m) and a decrease in non-controlling interests (-€201.6m).

1.1 Shareholders' equity attributable to the owners of the Parent

Shareholders' equity, excluding non-controlling interests, is composed as follows:

Amounts in €m	**31/12/2020**	31/12/2019	*variation in amount*
Share capital	3,365.3	3,365.3	
Capital reserves	1,639.4	1,639.4	
Income-related and other equity reserves	771.0	(127.2)	898.2
(Treasury shares)	(2.7)	(3.4)	0.7
Reserve for foreign currency translation differences	3.4	4.1	(0.7)
Gains/losses on available-for-sale financial assets	1,173.9	936.2	237.7
Gains/losses on financial assets at fair value through OCI	8.8	8.5	0.3
Other gains or losses recognised directly in equity	(53.0)	(37.9)	(15.0)
Profit (loss) for the year	707.4	902.5	(195.1)
Total shareholders' equity attributable to the owners of the Parent	**7,613.6**	**6,687.5**	**926.1**

At 31 December 2020, the Parent Unipol's share capital amounted to €3,365.3m, fully paid-up, and was made up of 717,473,508 ordinary shares (unchanged compared with 31/12/2019).

Movements in shareholders' equity recognised during the year with respect to 31 December 2019 are set out in the attached statement of changes in shareholders' equity. The main changes were as follows:
- an increase of €237.7m as a result of the increase in the provisions for gains and losses on available-for-sale financial assets;
- an increase of €707.4m in profit for 2020.

1.2 Shareholders' equity attributable to non-controlling interests

Shareholders' equity attributable to non-controlling interests was €1,911.7m (€1,617.1m at 31/12/2019). The main changes over the year were as follows:
- increase of €496.2m following the issue by the subsidiary UnipolSai of a Restricted Tier 1 perpetual regulatory capital instrument;
- a decrease of €101.7m for payment of dividends to third parties;
- a decrease of €249.5m due to the change in the shareholding in UnipolSai and other subsidiaries;
- an increase of €156.7m due to profit attributable to non-controlling interests.

Treasury shares or quotas

At 31 December 2020, the treasury shares held by Unipol and its subsidiaries totalled 776,631 (953,413 at 31/12/2019), of which 379,825 shares were held directly and 396,806 held by the following subsidiaries:

- UnipolSai Assicurazioni held 236,496;
- SIAT held 48,356;
- UniSalute held 36,893;
- UnipolSai Servizi Consortili held 32,161;
- Linear Assicurazioni held 14,743;
- Leithà held 13,559;
- Gruppo UNA held 4,512;
- Arca Vita held 8,350;
- AlfaEvolution Technology held 1,736.

During the year, 2,413,716 ordinary shares were allocated to Managers of the Unipol Group in execution of Compensation plans based on financial instruments, and 2,255,500 shares were acquired in execution of Compensation plans based on financial instruments; 18,566 shares held by the subsidiary Arca Assicurazioni were also sold in the market.

2. Provisions

The item "Provisions" totalled €479.6m at 31 December 2020 (€476.9m at 31/12/2019) and mainly consisted of provisions for litigation, various disputes, charges relating to the sales network, provisions for salary policies and employee leaving incentives.

Ongoing disputes and contingent liabilities

Relations with the Tax Authorities

Unipol

The IRES and IRAP tax dispute for the 2005-2007 tax periods of the former Aurora Assicurazioni, merged by incorporation into Unipol in 2007, pertaining mostly to findings relating to specific insurance provisions, is still pending before the Court of Cassation for the periods 2005 and 2006.

UnipolSai/Unisalute/Siat

With regard to the dispute deriving from the application of VAT on delegation fees against co-insurance relations with other companies in the insurance sector with respect to the years from 2013 to 2018, in 2020 contact was made with the competent Regional Directorates of the Italian Tax Authorities for the closure of pending pre-litigation and litigation issues. At the moment, the years from 2013 to 2015 have been settled on the basis of settlement or resolution agreements, with the payment only of the tax and interest due.

Arca Vita

With reference to the general audit carried out in 2017 by the Veneto Regional Directorate for the years 2012-2015, and related notices of assessment that were subsequently notified, the dispute is still pending for the tax periods 2013 and 2014.

Consob sanction proceedings

By means of communications dated 19 April 2013, Consob commenced two separate sanction proceedings against Fondiaria-SAI and Milano Assicurazioni for charges relating to their respective 2010 consolidated financial statements.
Pursuant to Art. 187-septies, paragraph 1 of the Consolidated Law on Finance, Consob notified Ms. Jonella Ligresti and Mr. Emanuele Erbetta, for the offices held in Fondiaria-SAI at the time of the events, of the violation set forth in Art. 187-ter, paragraph 1, of the Consolidated Law on Finance. Fondiaria-SAI is also charged with this violation as a party bearing joint and several liability. It is also charged with the offence set forth in Art. 187-quinquies, paragraph 1, letter a), of the Consolidated Law on Finance for the aforementioned violation of Art. 187-ter, paragraph 1 of the Consolidated Law on Finance by Ms. Jonella Ligresti and Mr. Emanuele Erbetta, acting in the above mentioned capacities.

Consob also made the same charge against Milano Assicurazioni. In this regard, pursuant to Art. 187-septies, paragraph 1 of the Consolidated Law on Finance, the Commission charged Mr. Emanuele Erbetta, for the role he held in the subsidiary at the time of the events, with the violation established in Art. 187-ter, paragraph 1, of the Consolidated Law on Finance. Milano Assicurazioni is also charged with this violation as a party bearing joint and several liability. It is also charged with the offence set forth in Art. 187-quinquies, paragraph 1, letter a), of the Consolidated Law on Finance for the aforementioned violation of Art. 187-ter, paragraph 1 of the Consolidated Law on Finance by Mr. Emanuele Erbetta, acting in the above mentioned capacity.

Fondiaria-SAI and Milano Assicurazioni (currently UnipolSai), assisted by their lawyers, presented their conclusions, asking that the administrative penalties set out in Articles 187-ter, 187-quinquies and 187-septies of the Consolidated Law on Finance not be imposed on the companies. On 20 March 2014 the Consob issued a resolution whereby, not deeming that the parties' defences deserved to be accepted, it ordered:

- Jonella Ligresti to pay €250k and to be disqualified from office for four months;
- Emanuele Erbetta to pay €400k and to be disqualified from office for eight months;
- UnipolSai to pay €650k.

UnipolSai provided for the payment of the fines, and also filed an appeal against Ms. Ligresti. Mr. Erbetta directly paid the penalty imposed on him. In any case, UnipolSai challenged the decision before the Court of Appeal of Bologna, which rejected the appeal on 6 March 2015. The Company, assisted by its lawyers, challenged the decision before the Court of Cassation which, on 6 December 2018, rejected the appeal and confirmed the Consob sanctions.
In March 2019, the Company challenged the decision before the European Court of Human Rights (ECHR), asking for the cancellation of the sanction for the breach of the ne bis in idem principle, according to which a person should not be submitted to sanction or judicial proceedings several times for the same fact.

Antitrust Authority proceedings

On 8 May 2020, the Antitrust Authority notified UnipolSai Assicurazioni of the initiation of preliminary proceedings concerning the "#UnMesePerTe" promotional campaign, involving the dissemination, in print media, on television and in other media, of advertising messages which allegedly lacked the required clarity and transparency.
UnipolSai filed a detailed defence brief, affirming the full legitimacy and fairness of its initiative, as well as its ethical and social merit. Moreover, with a view to further improving transparency towards its customers, the Company enacted a series of behaviours on its own initiative which were then subject to a commitment proposal formalised with the Antitrust Authority on 26 June 2020 and supplemented, based on the Authority's observations, on 6 November 2020. These measures are intended to facilitate knowledge and use of the benefits deriving from this campaign by extending the initiative to 31 December 2021 (but still with reference to policies in force at 10 April 2020) and sending individual communications to potential beneficiaries concerning how to use the voucher offered when the policy is renewed, as well as providing a detailed disclosure on the possibility of revoking consent to the use of personal data for marketing purposes issued to the Company on the "unmeseperte" mini-website from 11 April 2020 to 29 May 2020.
By a measure passed on 26 February 2021, the Antitrust Authority accepted the commitments proposed by the Company and settled the proceedings without confirming any infractions and, therefore, without imposing penalties.

On 26 November 2020, the Antitrust Authority notified UnipolSai Assicurazioni of the initiation of a second preliminary proceeding concerning claims settlement, characterised by an alleged hindrance of the right of consumers to access the relevant deeds and the failure to specify the criteria for the quantification of damages in the phase of formulating the compensation offer.

UnipolSai deems this objection completely unfounded and, to protect its rights, has engaged its lawyers to represent it in the proceedings, which are currently ongoing.

IVASS assessments

On 2 July 2014, IVASS sent to UnipolSai the order of sanctions at the end of the proceeding started in 2012 against Unipol Assicurazioni on the matter of the measurement of the claims provisions of the MV and Boats TPL classes. The sanction imposed was €27,500. Since UnipolSai does not deem the conclusions of the Institute to be acceptable in any way, it appealed against this decision before the Regional Administrative Court (TAR). On 9 September 2015 the Regional Administrative Court rejected the appeal of the Company, which challenged the ruling before the Council of State.
On 21 February 2019 the Council of State accepted an objection submitted by the Company and cancelled the sanction. The process was initiated for the recovery of the sanction paid.

Corporate liability action against certain former directors and statutory auditors decided by the Shareholders' Meetings of Fondiaria-SAI and Milano Assicurazioni

On 17 October 2011, Amber Capital LP, fund manager of Amber Global Opportunities Master Fund Ltd, a Fondiaria-SAI shareholder, in accordance with Art. 2408 of the Civil Code, informed the Board of Statutory Auditors of Fondiaria-SAI of various transactions carried out by companies in the Fondiaria-SAI Group with "related" companies attributable to the Ligresti family, criticising the "non-market" conditions and "anomalies" of said transactions.

On 16 March 2012 the Board of Statutory Auditors of Fondiaria-SAI issued an initial response in its "Report pursuant to Art. 2408, paragraph 2 of the Civil Code", after which by letter dated 26 March 2012 the shareholder Amber Capital requested further investigation.

The Board of Statutory Auditors therefore performed further controls and investigations. On 15 June 2012 IVASS served Measure no. 2985 upon Fondiaria-SAI by which the Authority defined the proceedings launched pursuant to Art. 238 of the Private Insurance Code, and through IVASS Communication prot. no. 32-12-000057 of the same date charged Fondiaria-SAI with significant irregularities pursuant to Art. 229 of the Private Insurance Code, with particular reference to a number of transactions implemented by Fondiaria-SAI and its subsidiaries with counterparties qualifying as related parties of Fondiaria-SAI, and assigning a fifteen-day deadline for the effects of these transactions to be permanently removed.
IVASS considered that the actions proposed or implemented by the Company were not suitable to correct the situation which led to the charges cited in the notice of 15 June 2012, prolonging – according to IVASS – the inability of Fondiaria-SAI to remedy the violations and the relative effects.
Therefore by Measure no. 3001 of 12 September 2012 (the "IVASS Measure"), IVASS appointed Prof. Matteo Caratozzolo as *ad acta* commissioner of Fondiaria-SAI (the "Commissioner"), also as Parent, considering the requirements of Art. 229, Italian Legislative Decree no. 209 of 7 September 2005 to be met.
In particular, with regard to the disputed transactions considered not only on an individual basis but as a whole, IVASS tasked the Commissioner with (i) specifically identifying the individuals responsible for the transactions carried out to the detriment of Fondiaria-SAI SpA and its subsidiaries; (ii) determining the damage suffered by the same; (iii) promoting or encouraging the promotion of all necessary initiatives, including judicial, at Fondiaria-SAI SpA and its subsidiaries, suitable, in relation to the disputed transactions, to safeguard and reintegrate the assets of Fondiaria-SAI SpA and its subsidiaries; (iv) exercising the powers held by Fondiaria-SAI SpA as Parent and as a shareholder in the shareholders' meetings of the subsidiaries.

Following the in-depth examinations conducted regarding the above-mentioned transactions, entered into by the Fondiaria-SAI Group primarily in the real estate segment in the 2003-2011 period, which directly involved members of the Ligresti family and certain SPVs attributable to said family, the Commissioner asked the Boards of Directors of Fondiaria-SAI and Milano Assicurazioni to call the respective shareholders' meetings, placing on the agenda the proposed corporate liability action, pursuant to Articles 2392 and 2393 of the Civil Code, against some directors and statutory auditors of the companies (jointly with other parties).

On 5 February 2013, the Boards of Directors of Fondiaria-SAI and Milano Assicurazioni, having examined the respective reports drafted by the Commissioner in accordance with Art. 125-ter of the Consolidated Law on Finance, resolved, following the aforementioned request, to call the Shareholders' Meetings of the two companies for 13 and 14 March 2013, on first and second call respectively.
The Shareholders' Meetings, held on second call on 14 March 2013, resolved to promote corporate liability action against the persons indicated in the reports prepared for the Meetings by the Commissioner and made these resolutions public in accordance with law.

As a result of the aforementioned resolutions, the *ad acta* Commissioner appointed his own lawyers who arranged for civil proceedings to be brought before the Court of Milan against the parties identified as responsible for the transactions described above. The proceedings are currently at preliminary investigation stage during which the court has, amongst other things, ordered a technical court expert's report.

In relation to the aforementioned transactions, the Companies requested and, on 20 December 2013, obtained a seizure order from the Court of Milan against some of the defendants in the above proceedings. The Company made arrangements to enforce the attachment through the parties concerned and through third parties, and the related enforcement proceedings are still in progress.
The attachment was challenged by the counterparties and on 24 March 2014 the Court of Milan, sitting en banc, confirmed the precautionary provision, rejecting all complaints filed by the counterparties.
Furthermore, with reference to the other transactions involved in the complaint from Amber Capital LP, not included in the Commissioner's mandate ("Minor Transactions"), on the invitation of the Board of Statutory Auditors of Fondiaria-SAI pursuant to Art. 2408 of the Civil Code, the Boards of Directors of Fondiaria-SAI and Milano Assicurazioni conducted investigations and checks, which showed that Minor Transactions were also carried out by companies in the Fondiaria-SAI Group with "related" companies attributable to the Ligresti family with various breaches of directors' and statutory auditors' duties. In particular, the investigations and checks highlighted both breaches of directors' and statutory auditors' duties and damages to the company assets of the Fondiaria-SAI Group.
The persons who, as a result of the checks performed by the Boards of Directors, were deemed responsible for the Minor Transactions are (i) members of the Ligresti family, who exercised control over the Fondiaria-SAI Group companies involved, and who would have pursued their own personal interests to the detriment of said companies in violation of Articles 2391 and 2391-bis of the Civil Code and the procedure governing "related party" transactions; (ii) the former "executive" directors, who would have proposed and implemented the transactions in question, and the directors of the internal control committees of Fondiaria-SAI and Milano Assicurazioni, who would also have been responsible for the violation of said regulations and procedures; (iii) the statutory auditors who would have also been responsible for the damages suffered by the companies in the Fondiaria-SAI Group due to the violation of Articles 2403 and 2407 of the Civil Code and Art. 149 of the Consolidated Law on Finance.
The liability of members of the Ligresti family in relation to the transaction in question (as with the transactions already involved in the liability actions of the Commissioner) would derive not only from the violation of their duties of the offices of director formally held in Fondiaria-SAI and Milano Assicurazioni but also (aa) from the "unitary management" they would have illegitimately exercised over companies in the Fondiaria-SAI Group by helping to approve and implement the transactions constituting a "conflict of interests" and "in violation of the principles of correct corporate and business management" (pursuant to Art. 2497 of the Civil Code); (bb) the de facto interference (in particular from Mr. Salvatore Ligresti) in the administration of the companies in the Fondiaria-SAI Group (in accordance with Art. 2392 of the Civil Code).

Consequently, on 30 July 2013 the Ordinary Shareholders' Meetings of Fondiaria-SAI and Milano Assicurazioni resolved to promote corporate liability action pursuant to Articles 2392 and 2393 of the Civil Code and, to the extent they may apply, Articles 2043 and 2497 of the Civil Code, against certain former de facto and official directors of Fondiaria-SAI and Milano Assicurazioni, regardless of their particular offices held and even if no formal office was held; certain former directors of Fondiaria-SAI and Milano Assicurazioni and, pursuant to Art. 2407 of the Civil Code, against certain members of the Board of Statutory Auditors of Fondiaria-SAI and Milano Assicurazioni.
In connection with the resolutions mentioned above, UnipolSai (formerly Fondiaria-SAI) served the writ of summons.
In March 2021, as the case was still pending, the Company signed a settlement agreement with all defendants which fully defines the two liability actions and which will be subject to the approval of the Shareholders' Meeting of UnipolSai and the other plaintiff companies of the Unipol Group. The terms and conditions of the above-mentioned agreement are summarised in the Directors' Report and in the Information Document drafted pursuant to Art. 5 of the Related Party Transactions Regulation adopted by Consob with Resolution No. 17721 of 12 March 2010 as amended, published with the timing and methods set forth by law and provided on the Company's institutional website.

Ongoing disputes with investors

Writs of summons by shareholders of La Fondiaria Assicurazioni (takeover bid legal cases)

From 2003 onwards, a number of La Fondiaria Assicurazioni ("Fondiaria") shareholders have initiated a series of legal proceedings claiming, albeit on different legal grounds and justifications, compensation for damages allegedly suffered due to failure to launch the takeover bid on Fondiaria shares by SAI Società Assicuratrice Industriale SpA ("SAI") in 2002.

On the whole, 16 proceedings were brought against the Company; 14 of these were settled at various degrees and stages of the proceeding, while one was extinguished when the first court's decision handed down in favour of the Company became definitive, as the opposing party failed to appeal it.
At 31 December 2020, only one case is still pending before the Court of Cassation, following the decision issued by the Milan Court of Appeal following resumption by the plaintiff. An appropriate provision has been allocated to cover this pending dispute.

Other ongoing proceedings

UnipolSai Assicurazioni SpA is a party in criminal and civil proceedings referring to events occurred during the previous management of Fondiaria-SAI and Milano Assicurazioni. A summary of the currently pending criminal cases is provided below.

(a) Criminal Case 21713/13 (formerly Gen. Criminal Records Reg. 20219/2012) pending before the Fourth Criminal Section of the Court of Turin against defendants Salvatore Ligresti, Antonio Talarico, Fausto Marchionni, Jonella Ligresti, Emanuele Erbetta, Ambrogio Virgilio and Riccardo Ottaviani, accused of the offences of false corporate communications under Art. 2622 of the Civil Code in relation to the 2010 financial statements of Fondiaria-SAI SpA and market manipulation under Art. 185 of the Consolidated Law on Finance ("TUF") on Fondiaria-SAI and Milano Assicurazioni securities, owing to the alleged falsification of the financial statements that allegedly pertained to the claims provisions; within this proceeding, UnipolSai Assicurazioni SpA was summoned and appeared before the court as civilly liable for the actions of the defendants.

At the end of the preliminary hearings and of the trial phase, at the hearing of 11 October 2016 the Court read out the verdict, whereby:

- it affirmed the criminal liability of the defendants Salvatore Ligresti, Jonella Ligresti, Fausto Marchionni and Riccardo Ottaviani, accused of false corporate communications and market manipulation;
- it ordered the defendants, jointly and where applicable, with the civilly liable UnipolSai Assicurazioni SpA and Reconta Ernst & Young SpA, to pay compensation for damages to the 2,265 allowed civil claimants, to be allowed in a separate civil proceeding;
- it ordered the defendants, jointly and where applicable, with the civilly liable UnipolSai Assicurazioni SpA and Reconta Ernst & Young SpA, to pay the legal fees of the civil claimants' legal counsel;
- it acquitted the defendants Antonio Talarico and Ambrogio Virgilio because they did not commit any criminal offence, in accordance with Art. 530, paragraph 2 of the Code of Criminal Procedure;
- it rejected the compensation requests of some civil claimants;
- it set the term for filing the grounds for the decision at ninety days.

The Court of Turin did not order payment of any interim award on the damage claimed by the civil claimants. Moreover, with its decision of 25 October 2016, the Court of Turin allowed the plea bargain request filed by Mr. Emanuele Erbetta and sentenced the defendant to 3 years of incarceration and a fine of €200,000.00, in addition to the payment of the legal expenses borne by the civil claimants.
The decision pronounced by the Court of Turin on 11 October 2016 was challenged before the Turin Court of Appeal, which on 12 March 2019 cancelled the decision due to lack of area jurisdiction and ordered the forwarding of proceedings papers to the Court of Milan.

(b) The criminal proceeding Gen. Criminal Records Reg. no. 14442/14, with the defendants Gioacchino Paolo Ligresti, Pier Giorgio Bedogni and Fulvio Gismondi accused of false corporate communications (Art. 2622 of the Civil Code) and market manipulation (Art. 185 of the Consolidated Law on Finance) for Mr. Fulvio Gismondi only, in which proceeding UnipolSai was cited for civil liability, false official statement in certificates (Art. 481 of the Criminal Code), ended in the first instance, at the end of the shortened and simplified proceedings, with the decision of 16 December 2015 acquitting the defendants because the fact does not exist. The decision was appealed by the General Prosecutor's Office at the Court of Appeal of Milan and by the civil claimant Consob. On 10 July 2018, the Milan Court of Appeal confirmed the acquittal ruling. The ruling was appealed before the Supreme Court of Cassation by Consob as regards the civil effects only. By decision issued on 21 November 2019, the Court of Cassation rejected Consob's appeal, confirming the decision of the Milan Court of Appeal as final, which therefore became definitive.

(c) Criminal Case (Gen. Criminal Records Reg. 24630/2013) against Messrs. Benito Giovanni Marino, Marco Spadacini and Antonio D'Ambrosio, acquitted on 10 November 2014 at the end of the shortened and simplified proceeding before the Court of Turin, is awaiting the setting of the appeal trial following the Prosecutor's filing of an appeal.

Based on the status of the criminal proceedings, on the information acquired hitherto by the Company and on the legal opinions acquired on the matters, the risk of loss is deemed unlikely.

Moreover, as reported in the Financial Statements ended 31 December 2018, some investors have autonomously initiated civil proceedings for damages. In these proceedings, the plaintiffs summarily stated that they had purchased and subscribed Fondiaria-SAI shares as they were prompted by the information in the information prospectuses published by Fondiaria-SAI on 24 June 2011 and 12 July 2012 in relation to the increases in share capital under option resolved by the company on 14 May 2011, 22 June 2011 and 19 March 2012 respectively, and in the financial statements of Fondiaria-SAI relating to the years 2007-2012. UnipolSai (former Fondiaria-SAI) appeared at all Civil Proceedings and disputed the plaintiffs' claims. Two civil proceedings before the Court of Turin ended with rulings that rejected the merits of the Plaintiff's requests, acquitting UnipolSai from all compensation claims. The two rulings have become res judicata since they were not appealed by the counterparties. On 18 May 2017, the Milan Court has instead partially upheld the compensation claims of another shareholder. The Company appealed against the sentence before the Milan Court of Appeal, which only partially accepted the appeal. The Company therefore appealed against the sentence before the Court of Cassation, which has not yet scheduled the hearing for the discussion of the case. The Court of Rome, with a sentence published on 12 May 2020, vice versa fully rejected the compensation claims submitted by another investor with respect to the share capital increases noted above. The ruling was challenged by the counterparty before the Rome Court of Appeal and the next hearing is scheduled for 13 December 2021. In another case pending on the same issues, the Court of Milan accepted the compensation claims of another investor, with a ruling dated 20 March 2019. After being appealed by the Company, the ruling was overruled in full by the Milan Court of Appeal with a ruling dated 22 October 2020. There is still time for the decision to be appealed before the Court of Cassation. Another case pending on the same issues is still in the introductory/preliminary phase before the Court of Milan.

Provisions deemed suitable were made in relation to the disputes with investors described above.

Commitments deriving from the sale of Unipol Banca

As part of arrangements relating to the sale to BPER Banca of the entire equity investment in Unipol Banca, Unipol Gruppo and UnipolSai committed, inter alia, to indemnifying BPER Banca - on a pro-rata basis in relation to the interest transferred - for losses deriving from specifically identified dispute counterclaims of the Unipol Banca Group outstanding at 31 March 2019 (the "Losses from Dispute Counterclaims"), provided that such losses are effectively and definitively incurred and within the limits and to the extent they exceed, net of tax relief, the related provisions specifically allocated in the consolidated statement of financial position of the Unipol Banca Group at 31 March 2019 (€10m). Similarly, the acquirer BPER is committed to paying an amount to the sellers for any excess of the aforementioned provisions over and above the Losses from Dispute Counterclaims. Against the commitments made in relation to the Losses from Dispute Counterclaims, at 31 December 2019 potential liabilities were estimated totalling €5m, deemed adequate on the basis of available information concerning the individual ongoing disputes. The positions settled in the course of 2020 basically confirmed such estimates.

3. Technical provisions

Amounts in €m	**31/12/2020**	31/12/2019	*% var.*
Non-Life premium provisions	3,389.0	3,336.5	
Non-Life claims provisions	10,966.3	11,703.4	
Other Non-Life technical provisions	32.5	27.2	
Total Non-life provisions	**14,387.8**	**15,067.2**	***(4.5)***
Life mathematical provisions	34,078.5	33,111.5	
Provisions for amounts payable (Life business)	573.5	413.4	
Technical provisions where the investment risk is borne by policyholders and arising from pension fund management	3,144.1	4,817.2	
Other Life technical provisions	5,523.2	4,158.0	
Total life provisions	**43,319.2**	**42,500.2**	***1.9***
Total technical provisions	**57,707.0**	**57,567.3**	***0.2***

4. Financial liabilities

Financial liabilities were, at 31 December 2020, €9,730.2m (€7,772m at 31/12/2019).

4.1 Financial liabilities at fair value through profit or loss

This item, which amounted to €4,379.3m (€2,914.4m at 31/12/2019), is broken down as follows:

- Held-for-trading financial liabilities totalled €324.3m (€252.6m at 31/12/2019);
- Financial liabilities designated at fair value through profit or loss totalled €4,055.1m (€2,661.8m at 31/12/2019). This category included investment contracts issued by insurance companies where the investment risk was borne by the policyholders, which do not contain a significant insurance risk borne by the Group (some types of class III, class V and class VI contracts).

4.2 Financial liabilities at amortised cost

Amounts in €m	**31/12/2020**	31/12/2019	*% var.*
Subordinated liabilities	2,088.3	2,167.6	*(3.7)*
Deposits received from reinsurers	134.7	150.4	*(10.5)*
Debt securities issued	2,741.5	1,813.0	*51.2*
Other loans obtained	385.9	517.7	*(25.5)*
Sundry financial liabilities	0.5	208.9	*(99.8)*
Total other financial liabilities	**5,350.8**	**4,857.7**	***10.2***

Details of **Subordinated liabilities** are shown in the table below:

Issuer	Nominal amount outstanding	Subord. level	Year of maturity	call	Rate	L/NL
UnipolSai	€300.0m	tier II	2021	every 3 months	3M Euribor + 250 b.p.	Q
UnipolSai	€261.7m	tier II	2023	every 3 months	3M Euribor + 250 b.p.	Q
UnipolSai	€240.0m (***)	tier I	2023	every 6 months	6M Euribor + 180 b.p. (**)	NQ
UnipolSai	€750.0m	tier I	in perpetuity	every 3 months from 18/06/2024	fixed rate 5,75% (*)	Q
UnipolSai	€500.0m	tier II	2028		fixed rate 3,875%	Q

(*) from June 2024 floating rate of 3M Euribor + 518 b.p.
(**) since September 2014, in application of the contractual clauses ("Additional Costs Clauses"), UnipolSai and Mediobanca signed an agreement to modify a Loan Agreement to cover the subordinated loan expiring in 2023. This agreement provides for the amendment of several economic terms, including payment by way of compromise, of an annual indemnity (additional spread) equal to 71.5 basis points, which increases the previous spread (thereby raising the total spread from 1.80 to 2.515 basis points) provided for in the Loan Agreement
(***) on 24 July 2020 the second tranche of 80.0 million euro was repaid as indicated in the planned amortisation plan contractually

Subordinated liabilities of the UnipolSai Group were, at 31 December 2020, €2,088.3m (€2,167.6m at 31/12/2019).

At 31 December 2020, **Debt securities issued by Unipol**, net of intragroup subscriptions, totalling €2,741m (€1,813m at 31/12/2019) were related to four senior bonds listed on the Luxembourg Stock Exchange, with a total nominal value of €2,731m:

- €231m of nominal value, 4.375% fixed rate, 7 year duration, maturity in 2021;
- €1,000m of nominal value, 3% fixed rate, 10 year duration, maturity in 2025;
- €500m of nominal value, 3.5% fixed rate, 10 year duration, maturity in 2027;
- €1,000m of nominal value, 3.25% fixed rate, 10 year duration, maturity in 2030.

Other loans obtained, totalling €385.9m (€517.7m at 31/12/2019), mainly included the loan obtained by Fondo Immobiliare Athens for €156.6m and the loans obtained by the Company Unipol Rental for a total of €169.8m. The item also includes the financial liabilities deriving from the present value of future lease payments due for lease contracts accounted for on the basis of IFRS 16 for a total of €55.9m.

Sundry financial liabilities amounted to €0.5m and were basically eliminated with respect to the previous year (€208.9m at 31/12/2019) referring exclusively to loan repurchase agreements signed by UnipolSai.

5. Payables

Amounts in €m	**31/12/2020**	31/12/2019	*% var.*
Payables arising from direct insurance business	**162.8**	**164.7**	***(1.2)***
Payables arising from reinsurance business	**77.0**	**96.6**	***(20.3)***
Other payables	**678.3**	**751.3**	***(9.7)***
Policyholders' tax due	158.8	163.0	*(2.5)*
Sundry tax payables	40.8	70.1	*(41.8)*
Trade payables	252.0	254.3	*(0.9)*
Post-employment benefits	58.5	66.1	*(11.5)*
Social security charges payable	38.2	38.8	*(1.5)*
Sundry payables	130.0	159.0	*(18.2)*
Total payables	**918.1**	**1,012.6**	***(9.3)***

6. Other liabilities

Amounts in €m	**31/12/2020**	31/12/2019	*% var.*
Current tax liabilities	41.1	50.9	*(19.3)*
Deferred tax liabilities	118.0	83.0	*42.0*
Liabilities associated with disposal groups held for sale	3.2	3.3	*(3.0)*
Commissions on premiums under collection	109.3	114.3	*(4.3)*
Deferred commission income	5.9	4.4	*33.5*
Accrued expense and deferred income	59.0	60.0	*(1.6)*
Other liabilities	709.8	652.5	*8.8*
Total other liabilities	**1,046.3**	**968.4**	*8.0*

The item Deferred tax liabilities is shown net of the compensation carried out, pursuant to IAS 12, with the corresponding taxes (IRES or IRAP) recorded in deferred tax assets.

For the details of the sub-item Liabilities associated with disposal groups, please refer to paragraph 5.5 of these Notes.

4. Notes to the Income Statement

Comments and further information on the items in the income statement and the variations that took place compared with the previous year are given below (the numbering of the notes relates to the mandatory layout for the preparation of the income statement).

REVENUE

1.1 Net premiums

Amounts in €m	**31/12/2020**	31/12/2019	*% var.*
Non-life earned premiums	**8,051.3**	**8,261.2**	***(2.5)***
Non-Life written premiums	8,107.5	8,451.1	*(4.1)*
Changes in Non-Life premium provision	(56.1)	(189.9)	*(70.5)*
Life written premiums	**3,759.0**	**5,454.6**	***(31.1)***
Non-life and life gross earned premiums	**11,810.4**	**13,715.8**	***(13.9)***
Non-life earned premiums ceded to reinsurers	**(446.7)**	**(438.9)**	***1.8***
Non-Life premiums ceded to reinsurers	(439.9)	(448.5)	*(1.9)*
Changes in Non-Life premium provision - reinsurers' share	(6.8)	9.6	*n.s.*
Life premiums ceded to reinsurers	**(14.5)**	**(14.4)**	***0.7***
Non-life and life earned premiums ceded to reinsurers	**(461.2)**	**(453.3)**	***1.7***
Total net premiums	**11,349.2**	**13,262.5**	***(14.4)***

1.2 Commission income

Amounts in €m	**31/12/2020**	31/12/2019	*var.%*
Commission income from investment contracts	24.2	28.3	*(14.4)*
Other commission income	10.2	6.3	*61.4*
Total commission income	**34.4**	**34.6**	***(0.5)***

1.3 Net gains on financial instruments at fair value through profit or loss

Amounts in €m	**31/12/2020**	31/12/2019	*% var.*
Net gains/losses:			
on held-for trading financial assets	(268.7)	(289.5)	*7.2*
on held-for trading financial liabilities	0.0	(0.8)	*105.1*
on other financial assets mandatorily at fair value	3.2	6.5	*(51.0)*
on financial assets/liabilities at fair value through profit or loss	81.6	183.1	*55.5*
Total net gains/losses	**(183.9)**	**(100.7)**	***82.6***

1.4 Gains on investments in subsidiaries, associates and interests in joint ventures

They amounted to €19.4m net of the negative effect of €40.6m deriving from the dilution of the shareholding in BPER Banca in the course of the year following the investee's share capital increase. Please recall that the profit at 31 December 2019 (€545.7m) included non-recurring income of €483.1m deriving from the effects of the first time consolidation of the investee BPER Banca, according to the equity method.

1.5 Gains on other financial instruments and investment property

Amounts in €m	**31/12/2020**	31/12/2019	*% var.*
Interests	**1,363.1**	**1,486.5**	**(8.3)**
on held-to-maturity investments	18.4	18.7	*(1.6)*
on loans and receivables	95.8	99.4	*(3.6)*
on financial assets at amortised cost	22.0	20.6	*6.7*
on available-for-sale financial assets	1,220.6	1,334.7	*(8.6)*
on financial assets at fair value through OCI	3.2	9.3	*(65.1)*
on sundry receivables	1.9	2.8	*(31.1)*
on cash and cash equivalents	1.2	1.0	*17.6*
Other income	**183.9**	**218.6**	**(15.9)**
from investment property	63.5	58.7	*8.3*
from available-for-sale financial assets	115.8	153.9	*(24.7)*
from financial assets at fair value through OCI	4.5	6.0	*(24.5)*
Realised gains	**487.5**	**655.1**	**(25.6)**
on investment property	6.6	6.6	*0.2*
on loans and receivables	4.7	9.0	*(47.9)*
on financial assets at amortised cost	35.8	54.6	*(34.4)*
on available-for-sale financial assets	437.3	531.9	*(17.8)*
on financial assets at fair value through OCI	3.1	53.1	*(94.1)*
Unrealised gains and reversals of impairment losses	**247.9**	**72.7**	**240.8**
on investment property	16.2	29.3	*(44.6)*
on available-for-sale financial assets	230.3	36.7	*528.0*
on financial assets at fair value through OCI	0.0	0.1	*(63.1)*
on other financial liabilities	1.3	6.6	*(80.7)*
Total item 1.5	**2,282.4**	**2,433.0**	***(6.2)***

1.6 Other revenue

Amounts in €m	**31/12/2020**	31/12/2019	*% var.*
Sundry technical income	77.7	72.6	*7.0*
Exchange rate differences	14.5	24.9	*(42.0)*
Extraordinary gains	13.0	20.8	*(37.7)*
Other income	715.3	689.1	*3.8*
Total other revenue	**820.3**	**807.3**	***1.6***

COSTS

2.1 Net charges relating to claims

Amounts in €m	**31/12/2020**	31/12/2019	*% var.*
Net charges relating to claims - direct and indirect business	**9,015.2**	**11,658.4**	***(22.7)***
Non-life business	**4,487.1**	**5,371.5**	***(16.5)***
Non-Life amounts paid	5,337.8	5,885.5	
changes in Non-Life claims provision	(717.2)	(340.2)	
changes in Non-Life recoveries	(134.8)	(175.9)	
changes in other Non-Life technical provisions	1.3	2.0	
life business	**4,528.2**	**6,286.8**	***(28.0)***
Life amounts paid	3,984.6	4,299.8	
changes in Life amounts payable	168.0	6.0	
changes in mathematical provisions	969.3	1,008.3	
changes in other Life technical provisions	78.1	36.1	
changes in provisions where the investment risk is borne by policyholders and arising from pension fund management	(671.8)	936.7	
Charges relating to claims - reinsurers' share	**(170.9)**	**(308.5)**	***(44.6)***
Non-life business	**(162.8)**	**(301.8)**	***(46.1)***
Non-Life amounts paid	(296.4)	(299.2)	
changes in Non-Life claims provision	126.1	(11.9)	
changes in Non-Life recoveries	7.6	9.3	
life business	**(8.1)**	**(6.6)**	***23.1***
Life amounts paid	(15.9)	(14.2)	
changes in Life amounts payable	(3.9)	(1.2)	
changes in mathematical provisions	11.7	8.8	
Total net charges relating to claims	**8,844.3**	**11,349.9**	***(22.1)***

2.2 Commission expense

Amounts in €m	**31/12/2020**	31/12/2019	*% var.*
Commission expense from investment contracts	14.8	13.5	*9.5*
Other commission expense	5.7	7.9	*(28.3)*
Total commission expense	**20.4**	**21.4**	***(4.5)***

2.3 Losses on investments in subsidiaries, associates and interests in joint ventures

At 31 December 2020 these totalled €0.5m (€0.3m at 31/12/2019).

2.4 Losses on other financial instruments and investment property

Amounts in €m	**31/12/2020**	31/12/2019	*% var.*
Interests:	**163.5**	**169.1**	***(3.3)***
on other financial liabilities	161.2	159.3	*1.2*
on payables	2.3	9.8	*(76.3)*
Other charges:	**38.8**	**40.2**	***(3.5)***
from investment property	26.0	26.3	*(1.2)*
from available-for-sale financial assets	1.6	3.4	*(52.4)*
from financial assets at fair value through OCI	0.2		
from other financial liabilities	10.7	10.3	*3.5*
from sundry payables	0.2	0.1	*80.8*
Realised losses:	**425.6**	**180.0**	***136.5***
on investment property	0.9	1.2	*(27.5)*
on loans and receivables	73.9	4.4	*n.s.*
on financial assets at amortised cost	8.7	7.8	*12.3*
on available-for-sale financial assets	340.3	166.5	*104.3*
on financial assets at fair value through OCI	0.1	0.0	*n.s.*
on other financial liabilities	1.7		
Unrealised losses and impairment losses:	**88.8**	**201.8**	***(56.0)***
on investment property	49.5	79.5	*(37.7)*
on financial assets at amortised cost	25.2	34.4	*(26.7)*
on available-for-sale financial assets	9.7	82.4	*(88.3)*
on financial assets at fair value through OCI	1.0	0.2	*n.s.*
on other financial liabilities	3.4	5.2	*(36.0)*
Total item 2.4	**716.7**	**591.0**	***21.3***

Interest on other financial liabilities amounting to €161.2m relates in particular to interest expenses accrued on bonds issued by Group companies (subordinated and non-subordinated). At 31 December 2019, they amounted to €159.3m.
At 31 December 2020 the Unrealised losses and impairment losses totalled €88.8m (€201.8m in 2019), including write-downs due to impairment of financial instruments recognised as Available-for-sale assets (shares and UCITS) for €9.7m (€20.6m at 31/12/2019), write-downs on investment property for €13.7m (€47.4m at 31/12/2019), carried out on the basis of updated valuations performed by independent experts, and investment property depreciation for €35.8m (€32.1m in 2019).

2.5 Operating expenses

Amounts in €m	**31/12/2020**	*% comp.*	31/12/2019	*% comp.*	*% var.*
Insurance sector	2,434.5	*94.0*	2,498.5	*92.8*	*(2.6)*
Holding and Other Businesses Sector	141.6	*5.5*	191.0	*7.1*	*(25.9)*
Real Estate Sector	31.0	*1.2*	22.1	*0.8*	*40.6*
Intersegment eliminations	(18.3)	*(0.7)*	(20.1)	*(0.7)*	*(8.5)*
Total operating expenses	**2,588.8**	***100.0***	**2,691.5**	***100.0***	***(3.8)***

Below are details of **Operating expenses in the Insurance sector**:

Amounts in €m	Non- Life			Life			Total		
	Dec-2020	Dec-2019	% var.	Dec-2020	Dec-2019	% var.	Dec-2020	Dec-2019	% var.
Acquisition commissions	1,329.3	1,350.5	(1.6)	59.2	69.1	(14.3)	1,388.5	1,419.6	(2.2)
Other acquisition costs	387.5	375.1	3.3	39.3	44.1	(10.8)	426.8	419.2	1.8
Changes in deferred acquisition costs	1.0	0.9	4.0	(1.2)	(3.6)	(66.7)	(0.2)	(2.7)	(90.9)
Collection commissions	155.5	158.7	(2.0)	6.5	7.0	(7.8)	162.0	165.7	(2.2)
Profit sharing and other commissions from reinsurers	(129.3)	(133.8)	(3.4)	(3.1)	(3.5)	(10.1)	(132.5)	(137.3)	(3.5)
Investment management expenses	56.4	70.8	(20.3)	46.9	42.8	9.6	103.3	113.6	(9.1)
Other administrative expenses	401.8	431.9	(7.0)	84.8	88.4	(4.2)	486.6	520.4	(6.5)
Total operating expenses	**2,202.2**	**2,254.2**	**(2.3)**	**232.3**	**244.3**	**(4.9)**	**2,434.5**	**2,498.5**	**(2.6)**

2.6 Other costs

Amounts in €m	31/12/2020	31/12/2019	% var.
Other technical charges	303.0	248.8	21.8
Impairment losses on receivables	16.3	38.9	(58.0)
Other charges	805.8	753.1	7.0
Total other costs	**1,125.2**	**1,040.9**	**8.1**

3. Income tax

In accordance with the provisions of IAS 12 the following table shows, at consolidated level, the deferred taxes utilised and accrued.

Amounts in €m	31/12/2020			31/12/2019		
	Ires	Irap	Total	Ires	Irap	Total
Current taxes	**0.7**	**29.9**	**30.6**	**208.3**	**55.7**	**264.0**
Deferred tax assets and liabilities:	**116.9**	**14.2**	**131.1**	**(45.4)**	**(17.9)**	**(63.3)**
Use of deferred tax assets	208.7	29.8	238.5	89.7	4.6	94.3
Use of deferred tax liabilities	(32.0)	(3.1)	(35.1)	(38.5)	(1.8)	(40.4)
Provisions for deferred tax assets	(121.9)	(22.5)	(144.4)	(182.7)	(32.4)	(215.1)
Provisions for deferred tax liabilities	62.2	9.9	72.1	86.1	11.8	97.9
Total	**117.7**	**44.1**	**161.7**	**162.9**	**37.8**	**200.7**

Against pre-tax profit of €1,025.8m, taxes pertaining to the period of €161.7m were recorded. The total tax rate is 15.8%, positively influenced by adjustments of taxes from previous years for €157.8m, due primarily to a more punctual application, in the 2019 income tax return, of the above-mentioned participation exemption and the application of the facilitated taxation regime, for a portion of the income from the 2015-2019 five-year period, following the Patent Box agreement entered into between UnipolSai and Arca Vita with the Italian Tax Authorities on 18 December 2020. The previous year's tax rate of 15.6% was positively affected by the initial measurement at equity of the interest with significant influence in BPER Banca.

The following statement illustrates the breakdown of deferred tax assets and liabilities recognised, with separate indication of offsetting performed for adjusted financial statements presentation purposes.

	31/12/2020			31/12/2019		
Amounts in €m	Total	Ires/Corp. tax	Irap	Total	Ires/Corp. tax	Irap
DEFERRED TAX ASSETS						
Intangible assets and property, plant and equipment	241.0	187.6	53.4	254.0	195.9	58.1
Technical provisions – Reinsurers' share	128.6	128.6	0.0	140.6	140.6	0.0
Investment property	62.8	53.4	9.4	167.4	137.4	30.0
Financial instruments	126.1	82.9	43.2	128.2	91.4	36.8
Sundry receivables and other assets	145.2	128.7	16.6	142.0	129.7	12.3
Provisions	217.9	202.4	15.5	211.2	199.4	11.8
Technical provisions	1,200.7	943.0	257.8	1,124.1	919.1	205.0
Payables and other liabilities	12.4	11.8	0.6	11.9	11.2	0.7
Other deferred tax assets	357.1	354.0	3.1	367.9	365.1	2.8
Netting as required by IAS 12	(2,161.1)	(1,766.7)	(394.4)	(2,036.3)	(1,683.6)	(352.7)
Total deferred tax assets	**330.9**	**325.7**	**5.2**	**510.9**	**506.1**	**4.8**
DEFERRED TAX LIABILITIES						
Intangible assets and property, plant and equipment	143.1	116.6	26.5	160.5	134.1	26.4
Technical provisions – Reinsurers' share	0.7	0.6	0.2			
Investment property	14.8	12.3	2.5	3.6	1.1	2.5
Financial instruments	1,956.7	1,529.4	427.4	1,791.8	1,441.7	350.1
Sundry receivables and other assets	0.0	0.0	0.0	0.1	0.1	0.0
Provisions	10.7	8.3	2.3	9.8	7.7	2.2
Technical provisions	132.4	90.3	42.1	126.6	87.5	39.1
Financial liabilities	5.4	4.2	1.2	4.5	3.5	1.0
Payables and other liabilities	0.2	0.2	0.1	0.2	0.2	0.0
Other deferred tax liabilities	14.9	13.4	1.5	22.2	17.8	4.4
Netting as required by IAS 12	(2,161.1)	(1,766.7)	(394.4)	(2,036.3)	(1,683.6)	(352.7)
Total deferred tax liabilities	**118.0**	**8.5**	**109.4**	**83.0**	**10.1**	**73.0**

Net tax assets are deemed to be recoverable on the basis of the provisional plans of Group companies.

5. Other Information

5.1 Hedge Accounting

Fair value hedges

In 2020, some new fair value hedging transactions were activated concerning both fixed-rate bonds held by UnipolSai, for which the interest rate risk was hedged through Interest Rate Swaps, and equities (Mediobanca) for which the risk of changes in market prices was hedged.

Positions existing at 31 December 2020

These relate to:

- IRS contracts for a nominal value of €1,150m to hedge bond assets classified under Available-for-sale financial assets, whose synthetic hedged notional value is €970.6m; at 31 December 2020, the fair value change related to the hedged risk of bonds came to a positive €188.7m, while the fair value change of IRS amounted to a negative €224.9m, with a negative net economic effect of €36.2m, including the tax effect of €11.2m;
- purchase of put options and sale of call options, with the same strike, quantity and maturity, for a notional value of €13,855m, to hedge the Mediobanca shares classified under Available-for-sale financial assets; at 31 December 2020, the fair value change of the hedged shares was a positive €9.4m, while the fair value change of the options was a negative €9.7m, with a negative net economic effect of €0.3m gross of the tax effect of €0.1m.

At 31 December 2020, hedging was effective since the ratios between the respective variations in fair value were still within the range 80%-125%.

Positions closed at 31 December 2020

In relation to the hedges entered into through Interest Rate Swaps, note that in the second quarter of 2020, some contracts in place at 31 December 2019 for a nominal value of €320m to hedge bond assets were terminated early, for a synthetic notional value of €248.7m, classified under Available-for-sale financial assets.

The change in fair value of the hedging derivatives between 31 December 2019 and the closing date of such instruments was a negative €37.9m, offset by a positive change on hedged bond assets of €35.7m. The above-mentioned changes were recognised in the Income Statement.

Cash flow hedges

The objective of the existing hedges is to transform the interest rate from floating rate to fixed rate, stabilising the cash flows. The details by company of existing positions are provided below:

Amounts in €m

Company	Hedged financial instruments	Notional amount hedged	Derivative	Gross effect recognised in shareholders' equity	Net tax effect
UnipolSai	AFS bonds	1,113.5	IRS	21.9	15.1
UnipolSai	Bond loans issued	250.0	IRS	1.3	0.9
Arca Vita	AFS bonds	30.0	IRS		
Total				**23.2**	**16.0**

5.2 Information relating to the actual or potential effects of netting agreements

In order to allow an evaluation of the actual or potential effects of netting agreements on the Unipol Group, the information relating to the financial instruments involved in master netting arrangements are reported below. The transactions shown in the tables below concern:

- derivatives;
- repurchase agreements.

With reference to derivatives, the ISDA Master agreements which regulate transactions in such instruments, make provision, in the cases of the insolvency of one of the contractual parties, for the offsetting between receivables and payables including any cash deposits or financial instruments pledged as guarantee.

In relation to repurchase agreements, the set-off clause, applicable in the case of the insolvency of the forward purchaser, is intrinsically constituted by the collateral pledged on the financial securities forming the object of the forward purchase.

Financial assets

Amounts in €m

Type	Gross amount (A)	Total financial liabilities offset in the financial statements (B)	Net total financial assets recognised in the financial statements (C)= (A) - (B)	Related amounts not subject to offsetting in the financial statements: Financial instruments (D)	Related amounts not subject to offsetting in the financial statements: Cash deposits received as guarantees (E)	**Net total (F)=(C)-(D)-(E)**
Derivative transactions (1)	310.9		310.9	298.3	12.4	0.2
Repurchase agreements (2)						
Securities lending						
Other						
Total	**310.9**		**310.9**	**298.3**	**12.4**	**0.2**

Financial liabilities

Amounts in €m

Type	Gross amount (A)	Total financial assets offset in the financial statements (B)	Net total financial liabilities recogni-sed in the financial statements (C)= (A) - (B)	Related amounts not subject to offsetting in the financial statements: Financial instruments (D)	Related amounts not subject to offsetting in the financial statements: Cash deposits given as guarantees (E)	**Net total (F)=(C)-(D)-(E)**
Derivative transactions (1)	316.2		316.2	68.3	242.3	5.5
Repurchase agreements (2)						
Securities lending						
Other						
Total	**316.2**		**316.2**	**68.3**	**242.3**	**5.5**

(1) The amounts indicated include the fair value in the financial statements of the derivatives involved in the offsetting agreements and any cash deposits given or received as guarantee.

(2) The amounts indicated include the financial receivable/payable relating to the repurchase agreement and the value of the financial asset involved in the forward purchase.

5.3 Earnings (loss) per share

Amounts in €m	**31/12/2020**	31/12/2019
Profit/loss allocated to ordinary shares (€m)	707.4	902.5
Weighted average of shares outstanding during the year (no./m)	716.1	716.0
Basic and diluted earnings (loss) per share (€ per share)	**0.99**	**1.26**

5.4 Dividends

In 2020, Unipol Gruppo did not pay out any dividends.

The financial statements of the Parent Unipol at 31 December 2020, drawn up in accordance with Italian GAAP, posted a profit for the year of 316.3m. Unipol's Board of Directors proposes that the Ordinary Shareholders' Meeting disburses dividends of €0.280 per Ordinary Share. The total amount set aside for dividends, including treasury shares, came to €200.8m. Net of Unipol shares held by the subsidiaries, the dividends allocated to non-controlling interests were estimated at €200.7m.

5.5 Non-current assets or assets of a disposal group held for sale and discontinued operations

At 31 December 2020, reclassifications carried out in application of IFRS 5 to item 6.1 of Assets amounted to €203.3m, of which €0.5m relating to assets held by the subsidiary Consorzio Castello and €202.8m relating to properties held for sale (€189.2m at 31/12/2019, of which €0.9m referred to assets held by the subsidiary Consorzio Castello and €188.3m to properties held for sale). The liabilities reclassified to item 6.1 Liabilities associated with disposal groups amounted to €3.2m (€3.3m at 31/12/2019).

5.6 Transactions with related parties

Unipol Gruppo provides the following services to the subsidiary UnipolReC:
- Governance (services supporting internal control, risk management and compliance);
- Anti"money laundering and Anti-terrorism.

UnipolSai Assicurazioni provides the following services to the other companies of the Group:
- Governance (services supporting internal control, risk management, compliance and the Actuarial Function Validation);
- Finance;
- Innovation;
- Communications and Media Relations;
- Anti"money laundering and Anti-terrorism;
- 231 support;
- Institutional Relations;
- Assessment of investments;
- Human resources and industrial relations (personnel administration, external selection, development and remuneration systems, welfare initiatives, personnel management, trade union relations, employee disputes, employee welfare, safety);
- Organisation;
- Training;
- Legal and corporate (corporate affairs, group legal register management, anti-fraud, institutional response, legal insurance consulting, privacy consulting and support, general legal and disputes, corporate legal, complaints, management of investments);
- Claims settlement;
- Insurance (distribution network regulations, MV portfolio management, reinsurance, product marketing, MV tariff setting, development and maintenance of MV products, general class tariff setting, development and maintenance of general class products, technical actuarial coordination, Life bancassurance);
- IT services;
- Actuarial Function Calculation;
- Administration (accounting, tax, administrative and financial statements services);
- Management control;
- Procurement and general services;
- Real estate (coordination of urban planning processes, strategic real estate asset management, value added services, operational management of property sales and purchases, property leasing services, project management, tenders and contracts, logistics and real estate services, facility management, tax and duty property management, property management).

UniSalute provides the following services:
- Managing addressing services, providing medical advice and assistance by telephone, making bookings, managing and settling claims relating to specific guarantees/products on behalf of UnipolSai;
- Policyholder record updating services and administrative services associated with the payment of health policy claims for UnipolSai.

The services provided by **UniSalute** to its subsidiary UniSalute Servizi mainly concern the following areas:
- Administration and budget;
- Planning and management control;
- Marketing;
- IT services;
- Suppliers;
- Human resource monitoring;
- Training process support;
- Commercial and welfare development.

SIAT performs the following services in favour of UnipolSai:

- Technical assistance in the negotiation and stipulation of transport and aviation contracts;
- Portfolio services for agreements in the transport sector;
- Administrative support in the relationships with insurance counterparties.

Auto Presto & Bene and APB Car Service provide car repair services to a number of Group companies.

UnipolSai Servizi Previdenziali, performs administrative management of open pension funds on behalf of a number of Group companies.

UnipolRe carries out administrative and accounting services for inwards and outwards reinsurance with reference to treaties in run-off on behalf of UnipolSai.

UnipolSai Investimenti SGR administers on behalf of UnipolSai the units of real estate funds set up by third"party asset managers, owned by UnipolSai.

In 2020, UnipolReC, in its capacity as an agent, conducted credit collection, out-of-court recovery of receivables due from Customers, such as, by way of example, the analysis of the receivables assigned, the sending of dunning letters by post and/or credit collection by phone, monitoring the responses received, checking payments and reconciliating the same, searching for individuals that are difficult to trace and any other activity required or related to said services on behalf of Gruppo UNA and Tenute del Cerro.

AlfaEvolution Technology guarantees competitiveness to the Group insurance companies through continuous technological innovation and the evolution of ITC services:

- black boxes continuously innovated from the perspective of hardware components, designed internally and complete with proprietary software associated with MV and Motorcycle policies, added to which is an offer dedicated to fleets as well, confirming the Unipol Group as leader in the global market. Black boxes are directly linked to the service centre (TSP) in order to guarantee secure insurance services through a complex data analysis based on crash recognition and reconstruction, assistance and theft up to value added services such as private emergency calls, plus the VASs available on the mobile app;
- IoT technology and safety and security services linked to home, store and commercial business insurance policies (smart home);
- telematic devices associated with insurance policies for pet protection;
- Qshino, the product that offers an anti-abandonment device service for child car seats as required by Italian Law no. 117 of 1 October 2018, which makes their use compulsory. First product offered by the Group in the agency and through the large scale distribution channel irrespective of the insurance policy.

Support was also provided to UnipolSai in the development of mobile payment solutions to offer customers an integrated model of distinctive services, complementary to the insurance business. The first services available on the UnipolSai App therefore include the opportunity to pay car parking fees, fines and road tax.
Also in the payments area, in 2020 AlfaEvolution Technology was accredited with AISCAT [Italian Association of Turnpikes, Tunnels, Bridges and Other Toll Road Concessionaire Companies] (24 concessionaires) and the Ministry of Infrastructure and Transport for the provision, including at international level, of the Telepedaggio electronic toll collection service which will be available for Group customers starting in spring 2021 for industrial vehicles and in the summer for automobiles.

Leithà provides, in favour of several Group companies, innovative services with high technological value and study and analysis of data to support the development of new products and processes and business evolution, including the necessary preparatory and instrumental activities for the realisation of commissioned research projects, and, possibly the development of operating system software, operating systems and applications and database management pertaining and functional to the projects.

Pronto Assistance Servizi (PAS) provides the following services for the Companies of the Consortium (and to a minimal extent also to third parties on the external market):

- organisation, provision and 24/7 management of services provided by the assistance insurance coverage, by taking the action requested and managing relations with professionals and independent suppliers to which the material execution of the action is assigned, also including settlement of the related remuneration. Analogous activities, when requested, may be provided to Consortium members not in the insurance business.

As part of the Tourism claims management for Consortium members only, in addition to the provision of normal Assistance services, at the request of an individual consortium member PAS can advance medical expense payments on behalf of that member.

- contact centre activities for the customers, specialists and agencies of the Group, whose services consist of:
  - providing front office services to existing or potential customers at all stages of relations with the consortium members and their respective sales networks, or to any intermediaries acting on their behalf (brokers, banks);
  - providing after-sales services on policy statuses or on any transactions that can be made on existing policies;
  - providing customer satisfaction services;
  - providing support services to the agency network in relations with customers and consortium members;
  - providing contact centre services dedicated to opening claims and related information requests.

The consortium **UnipolSai Servizi Consortili** manages a few supply and service agreements relating to communications, image and brand of the Unipol Group.

Arca Vita provides the following services to Group companies:

- human resource management and development, training, organisation, corporate affairs, purchasing, legal services and complaints, secretariat and general services, security and privacy, administration, management control for Arca Inlinea, Arca Sistemi and Arca Direct Assicurazioni;
- providing workstations, parking spaces and associated property services at the premises at Via del Fante 21, Verona, and general services necessary and functional to the outsourcing of compliance, anti-money laundering and anti-terrorism functions for UnipolSai Assicurazioni;
- providing parking spaces in the car park in Via del Fante 21, Verona, to UnipolSai Assicurazioni;
- providing workstations with associated property services at Via del Fante 21, Verona, and the related parking spaces in the property carparks and in Lungadige Capuleti to Arca Assicurazioni, Arca Direct Assicurazioni, Arca Sistemi and Arca Inlinea;
- leasing of offices in the property at Via San Marco 46, Verona, and related parking spaces, to UnipolSai;
- leasing of offices in the property at Via San Marco 48, Verona, and related parking spaces, to Arca Assicurazioni;
- providing workstations with associated property services at Via del Fante 21, Verona in favour of the company Arca Vita International DAC;
- an agreement with Arca Vita International is also in place regarding the licence for use of the "Arca Vita International" trademark owned by Arca Vita.

Arca Inlinea provides sales support services to Arca Assicurazioni, Arca Vita and Arca Vita International.

Arca Sistemi provides the following services:

- design, development and management of IT systems for Arca Vita, Arca Assicurazioni, Arca Inlinea and Arca Direct Assicurazioni;
- design, development and management of alternative storage for Arca Vita and Arca Assicurazioni;
- services as IT architecture provider for Arca Vita International.

Arca Direct Assicurazioni has insurance brokerage agreements in place with Arca Vita, Arca Assicurazioni and UnipolSai.

UnipolRental provides medium/long-term vehicle rental services to Group companies.

Moreover, it is noted that the Group companies conduct the following regular transactions with each other:

- reinsurance and coinsurance;
- leasing of property and other tangible assets;
- agency mandates;
- secondment of personnel.

No atypical or unusual transactions were carried out in the execution of these services.

Fees are mainly calculated on the basis of the external costs incurred, for example the costs of products and services acquired from suppliers, and the costs resulting from activities carried out directly, i.e. generated by their own staff, and taking account of:

- performance objectives set for the provision of the service to the company;
- strategic investments required to ensure the agreed levels of service.

The following elements are specifically taken into consideration:

- personnel costs;

- operating costs (logistics, etc.);
- general costs (IT, consultancy, etc.).

As regards services rendered by Leithà, the consideration was determined to the extent equal to costs, as previously defined, to which a mark-up was applied, which is the operating margin for the service rendered.

The costs for financing activities are calculated by applying a fee on managed volumes. The services provided by UniSalute (except operating services provided to Unisalute Servizi for which the costs are split), Auto Presto & Bene, UnipolSai Investimenti SGR and UnipolRe involve fixed prices.

Both the Parent Unipol and its subsidiaries, including UnipolSai, Arca Vita and Arca Assicurazioni, second their staff to other Group companies to optimise the synergies within the Group.

It should be noted that, in accordance with Art. 2497 et seq. of the Italian Civil Code, none of the shareholders of the Parent Unipol carries out management and coordination activities.

Tax regime for taxation of group income (so-called "tax consolidation")

The Parent Unipol exercised the Group tax consolidation option governed by Title II, Chapter II, Section II of Italian Presidential Decree 917/86 (the Consolidated Income Tax Act, Articles 117 et seq.) as consolidating entity, jointly with the companies belonging to the Unipol Group meeting the established regulatory requirements over time. The option has a three-year duration and is renewed automatically unless cancelled.

Exercise of the option for the establishment of the Unipol VAT Group

On 14 November 2018, Unipol Gruppo and the subsidiaries for which there are the economic, financial and organisational restrictions set forth by regulations in force exercised the joint option for the establishment of the Unipol VAT Group for the 2019-2021 three-year period, with automatic renewal until cancelled, pursuant to Arts. 70-bis et seq. of Italian Presidential Decree no. 633/1972 and Ministerial Decree of 6 April 2018.

The following table shows transactions with related parties (associates and others) carried out during 2020, as laid down in IAS 24 and in Consob Communication DEM/6064293/2006. It should be noted that the application scope of the Procedure to perform transactions with related parties, adopted pursuant to Consob Regulation no. 17221 of 12 March 2010, as amended, also includes some counterparties that are included, on a voluntary basis, pursuant to Art. 4 thereof (shown, together with other items, in the following table under item "Other"). The above also includes the UCIs, in which the Company, or one of its related parties, holds more than 20% of the equity rights, the company Coop Alleanza 3.0 Società Cooperativa.
Transactions with subsidiaries have not been recognised since in drawing up the Consolidated Financial Statements transactions among Group companies consolidated using the line-by-line method have been eliminated as part of the normal consolidation process.

Information on transactions with related parties

Amounts in €m	Associates	Others	**Total**	*% inc. (1)*	*% inc. (2)*
Loans and receivables	37.1		37.1	*0.0*	*7.3*
Sundry receivables	92.7	0.3	93.6	*0.1*	*18.5*
Other assets	12.9	0.3	13.7	*0.0*	*2.7*
Cash and cash equivalents	1,198.2		1,198.2	*1.5*	*237.5*
Total assets	**1,340.8**	**0.6**	**130.6**	**0.2**	**25.9**
Other financial liabilities	11.8		11.8	*0.0*	*2.3*
Sundry payables	47.1	0.0	47.1	*0.1*	*9.3*
Other liabilities	17.2		17.2	*0.0*	*3.4*
Total liabilities	**76.1**	**0.0**	**76.1**	***0.1***	***15.1***
Commission income	2.4		2.4	*0.0*	*0.5*
Gains on other financial instruments and investment property	3.8		3.8	*0.0*	*0.8*
Other revenue	3.1	0.5	2.7	*0.0*	*0.5*
Total revenue and income	**9.3**	**0.5**	**8.8**	***1.0***	***1.8***
Net charges relating to claims	1.4		1.4	*0.2*	*0.3*
Commission expense	11.6		11.6	*1.3*	*2.3*
Losses on other financial instruments and investment property	0.3		0.3	*0.0*	*0.1*
Operating expenses	232.8	0.6	234.7	*27.2*	*46.5*
Other costs	34.2		34.2	*4.0*	*6.8*
Total costs and expenses	**280.2**	**0.6**	**269.2**	***31.2***	***53.4***

(1) Percentage based on total assets in the consolidated statement of financial position recognised under shareholders' equity, and on pre-tax profit/(loss) for income statement items.
(2) Percentage on total net cash flow from operating activities mentioned in the statement of cash flows.

Loans and receivables included €20.1m of time deposits above 15 days held by the companies of the Group with BPER Banca, €10.2m relating to receivables from insurance brokerage agencies for agents' reimbursements and €6.1m of interest-free loans disbursed by UnipolSai to the associate Borsetto.
The item Sundry receivables from associates included €45.1m in receivables due from insurance brokerage agencies for commissions and €40.6m in receivables due from Finitalia for premiums it had advanced for the service concerning the split payment of policies.
Other assets include current accounts, temporarily unavailable, that UnipolSai has opened with BPER Banca.
Cash and cash equivalents included the balances of current accounts opened by Group companies with BPER Banca.
The item Financial liabilities at amortised cost related to overdrafts on current accounts held by Group companies at BPER Banca or mortgages disbursed by the latter to Group companies.
Sundry payables included payables for commissions to be paid to BPER Banca for the placement of insurance products plus payables for other services rendered.
Commission income referred to the bank relations between Group companies and BPER Banca.
Gains on other financial instruments and investment property related to rent income from associates.
Other revenue included relations of Group companies with BPER Banca for banking services.

Commission expense referred to bank relations between the Group companies and BPER Banca.
Operating expenses due to associates referred to costs for commissions recognised to insurance brokerage agencies (€95.4m), costs paid to Finitalia for instalments of policies issued by the Group companies (€61.4m), bank account operating costs (€36.9m) and commissions recognised to BPER Banca for the placement of insurance policies issued by Group companies (€33.5m).
The item Other costs primarily relates to staff secondment.

Please also note that the contributions payable by the Unipol Group companies paid in the course of 2020 to Unipol Group employee and executive pension funds amounted to €20.5m.

Remuneration for 2020 due to the Directors, Statutory Auditors and Key Managers of the Parent, for carrying out their duties in Unipol and in other consolidated companies amounted to €17.6m, details of which are as follows:

Amounts in €m	Amounts in €m
Directors and General Manager	9.7
Statutory auditors	0.4
Other key managers	7.5(*)

(*) mainly includes compensation of employees.

The remuneration of the General Manager and the other Key Managers relating to benefits granted under the share-based compensation plans (Performance Shares), is duly represented in the Remuneration Report, prepared according to Art. 123-*ter* of the Consolidated Law on Finance and made available, pursuant to current regulations, on the Company website.
At 31 December 2020 the item Provisions for €30.9m included any loyalty bonuses due to key managers as defined in the Remuneration Policies of the Unipol Group.
In 2020 the companies in the Group paid Unipol and UnipolSai the sum of €1.8m as remuneration for the activities carried out by the Chairman, the Chief Executive Officer, the General Manager and the Key Managers, eliminated during the consolidation process.

5.7 Fair value measurements - IFRS 13

IFRS 13:
a) defines the fair value;
b) groups into a single accounting standard the rules for measuring fair value;
c) enriches financial statement information.

The standard defines fair value as the sale price of an asset based on an ordinary transaction or the transfer price of a liability in an ordinary transaction on the main reference market at terms applicable at the measurement date (exit price).

Fair value measurement assumes that the transaction relating to the sale of assets or transfer of liabilities can take place:
- on the main listing market;
- if there is no listing market, on the market most advantageous for the assets and liabilities to be measured.

When a market price is not observable, the measurement methods which maximise the use of observable parameters and minimise the use of non-observable parameters must mainly be used.

IFRS 13 also defines a fair value hierarchy based on the level of observability of the inputs contained in measurement techniques used to measure fair value.

Chapter 2, "Main accounting standards", outlines the fair value measurement policies and criteria adopted by the Unipol Group.

Fair value measurement on a recurring basis

The table below shows a comparison between the assets and liabilities measured at fair value at 31 December 2020 and 31 December 2019, broken down based on fair value hierarchy level.

Assets and liabilities at fair value on a recurring and non-recurring basis: breakdown by fair value level

	Level 1		Level 2		Level 3		Total	
Amounts in €m	2020	2019	2020	2019	2020	2019	2020	2019
Assets and liabilities at fair value on a recurring basis								
Available-for-sale financial assets	48,434.2	46,713.2	463.4	338.5	2,001.9	1,568.3	50,899.5	48,620.0
Financial assets at fair value through OCI	1,601.4	689.5					1,601.4	689.5
Financial assets at fair value through profit or loss:								
- held for trading	160.0	111.5	69.5	157.7	27.7	14.7	257.2	283.8
- at fair value through profit or loss	7,171.3	7,465.0			6.5	0.6	7,177.8	7,465.6
- mandatorily at fair value	15.0	85.7			0.2	0.4	15.2	86.1
Total assets at fair value on a recurring basis	***57,381.9***	***55,064.8***	***532.8***	***496.2***	***2,036.3***	***1,584.1***	***59,951.1***	***57,145.1***
Financial liabilities at fair value through profit or loss:								
- held for trading	25.6	20.7	292.4	220.6	6.3	11.3	324.3	252.6
- at fair value through profit or loss					4,055.1	2,661.8	4,055.1	2,661.8
Total liabilities at fair value on a recurring basis	***25.6***	***20.7***	***292.4***	***220.6***	***4,061.4***	***2,673.0***	***4,379.3***	***2,914.4***

The amount of financial assets classified in Level 3 at 31 December 2020 stood at €2,036.3m. Details of changes in Level 3 financial assets and liabilities in the same period are shown below.

Details of changes in level 3 financial assets and liabilities at *fair value* on a recurring basis

	Available-for-sale financial assets	Financial assets at fair value through OCI	Financial assets at fair value through profit or loss			Investment property	Property, plant and equipmen t	Intangible assets	Financial liabilities at fair value through profit or loss	
Amounts in €m			held for trading	at fair value through profit or loss	mandatoril y at fair value				held for trading	at fair value through profit or loss
Opening balance	**1,568.3**		**14.7**	**0.6**	**0.4**				**11.3**	**2,661.8**
Acquisitions/Issues	529.6			6.1						
Sales/Repurchases	(8.2)									
Repayments	(33.6)									
Gains or losses recognised through profit or loss			(4.3)	(0.2)	(0.2)				(0.5)	
- of which unrealised gains/losses			*(4.3)*	*(0.2)*	*(0.2)*				*(0.5)*	
Gains or losses recognised in the statement of other comprehensive income	(55.1)									
Transfers to level 3										
Transfers to other levels	(1.0)									
Other changes	1.9		17.4						(4.4)	1,393.3
Closing balance	**2,001.9**		**27.7**	**6.5**	**0.2**				**6.3**	**4,055.1**

Please note that the transfers from Level 1 to Level 2, which occurred during the reference period, were irrelevant.

Analysis and stress testing of non-observable parameters (Level 3)

The table below shows, for Level 3 financial assets and liabilities measured at fair value, the effects of the change in the non-observable parameters used in the fair value measurement.

As regards "assets at fair value on a recurring basis" and belonging to Level 3, the stress test of non-observable parameters is performed with reference to financial instruments valued on a Mark to Model basis and on which the measurement is carried out through one or more non-observable parameters.

The portion of securities subject to analysis has a market value of €19.5m at 31 December 2020.

The non-observable parameters subject to a shock are benchmark spread curves constructed to assess bonds of issuers for which the prices of the bonds issued or Credit Default Swap curves are unavailable.

The following table shows the results of the shocks:

	Amounts in €m	**Curve Spread**			
Fair Value					
	Shock	+10 bps	-10 bps	+50 bps	-50 bps
	Fair Value delta	**(0.13)**	**0.13**	**(0.63)**	**0.64**
	Fair Value delta %	*(0.68)*	*0.69*	*(3.21)*	*3.29*

Fair value measurement on a non-recurring basis

IFRS 13 governs the fair value measurement and the associated disclosure also for assets and liabilities not measured at fair value on a recurring basis.
For these assets and liabilities, fair value is calculated only for the purpose of market disclosure requirements. Furthermore, since these assets and liabilities are not typically traded, their fair value is largely based on the use of internal parameters that cannot be directly observed in the market, with the sole exception of listed securities classified as "Held-to-maturity investments".

Assets and liabilities not measured at *fair value*: breakdown by *fair value level*

			Fair value							
	Carrying amount		Level 1		Level 2		Level 3		Total	
Amounts in €m	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Assets										
Held-to-maturity investments	584.1	454.6	584.1	543.2	6.9	37.9	2.2	2.2	593.2	583.2
Loans and receivables		4,006.6			3,659.6	2,854.5	1,344.5	1,330.0	5,004.1	4,184.4
Financial assets at amortised cost		516.1					422.7	516.1	422.7	516.1
Investments in subsidiaries, associates and interests in joint ventures	660.6	1,003.4	660.6	649.7			64.6	93.3	725.2	743.1
Investment property		1,991.1					2,349.6	2,167.8	2,349.6	2,167.8
Property, plant and equipment		2,484.2					2,508.6	2,624.5	2,508.6	2,624.5
Total assets	**1,244.7**	**10,456.0**	**1,244.7**	**543.2**	**3,666.5**	**2,892.4**	**6,692.2**	**7,643.9**	**11,603.4**	**11,079.5**
Liabilities										
Other financial liabilities	**4,904.2**	**4,857.7**	**4,904.2**	**3,915.9**			**757.9**	**1,365.3**	**5,662.1**	**5,281.2**

5.8 Information on public funds received

With reference to the regulation on the transparency of public funds introduced by Art. 1, paragraphs 125 and 125-bis of Italian Law 124/2017 and subsequent amendments and supplements, note that the Group collected the following contributions and subsidies subject to the mandatory disclosure in the notes to the financial statements pursuant to the above-cited regulation:

Recipient	Name of disbursing party	Amount collected (€)	Reason
Tenute del Cerro SpA	ARTEA	234,235.04	Contributions to the Tuscany Region vineyard restructuring
Tenute del Cerro SpA	ARTEA	84,778.11	Contributions to Tuscany Region Rural Development Plan
Tenute del Cerro SpA	ARTEA	12,127.17	Contributions to allowances for the Tuscany Region mountain areas
Tenute del Cerro SpA	AGEA	587,445.83	Contributions to Community Agricultural Policy 2019/2020
Tenute del Cerro SpA	AGEA	7,271.16	Contribution to promotional expenses incurred in foreign countries - Tuscany Region 19/20
Tenute del Cerro SpA	AGEA	124,728.30	Contribution to promotional expenses incurred in foreign countries - Umbria Region 19/20
Tenute del Cerro SpA	AGEA	86,190.40	Individual Insurance Plan Contribution
Tenute del Cerro SpA	AGEA	244,035.54	Contribution for the Rural Development Plan Umbria - agri-food sector
Tenute del Cerro SpA	RETE OMEGA	667.63	Contribution for the Rural Development Plan Umbria - agri-food sector

For the sake of comprehensiveness, although such grants are excluded from the transparency obligations established in the regulations cited, any Aid measures and the relative individual Aid granted and recorded in the system by the Granting Authorities directly or indirectly benefitting each of the Group companies are published in the National Register of State Aid, open to the public for consultation on the relative website in the transparency section.

5.9 Share-based compensation plans

The Unipol Group pays additional benefits (short- and long-term incentives) to the Chief Executive Officer and Key Managers and other senior executives under closed three-year, share-based compensation plans by which Unipol and UnipolSai shares (performance shares) are granted if specific targets of Gross Profit and solvency capital requirements, as well as individual targets are achieved.

The 2016-2018 compensation plan based on financial instruments (performance share type), if the prerequisites are met, envisages the assignment of UnipolSai and Unipol shares over three years with effect from April 2019. The first tranche, for 2,065,453 UnipolSai shares and 1,117,478 Unipol shares, was paid to entitled parties on 25 April 2019; the second tranche, for 1,938,683 UnipolSai shares and 2,092,674 Unipol shares, was paid to entitled parties on 27 April 2020.

In December 2020, 557,729 UnipolSai shares and 321,042 Unipol shares were assigned only to the Executives not classified as significant risk takers, for the short-term incentive referring to the year 2019, in partial execution of the 2019-2021 Plan.

The Information Documents, prepared pursuant to Art. 114-bis of the Consolidated Law on Finance and Art. 84-bis of the Consob Issuer's Regulation no. 11971/1999, are available on the relevant websites, in the Governance/Shareholders meetings section.

The total cost recorded in 2020 came to €10.7m (€11.6m in 2019), €5.4m of which calculated in relation to the potential assignment of Unipol shares, and €5.3m calculated in relation to the potential assignment of shares of the subsidiary UnipolSai.

5.10 Non-recurring significant transactions and events

There were no non-recurring significant transactions and events during the year.

5.11 Atypical and/or unusual positions or transactions

In 2020 there were no atypical and/or unusual transactions aside from any mentioned among the main events of the period that, because of the significance, importance, nature of the counterparties involved in the transaction, transfer pricing procedures, or occurrence close to the end of the year, could give rise to doubts relating to: the accuracy and completeness of the information in these Consolidated Financial Statements, a conflict of interest, the safeguarding of the company's assets or the protection of non-controlling shareholders.

5.12 Additional information on the temporary exemption from IFRS 9

As indicated previously, in these consolidated financial statements the IAS 39 standard was applied with reference to financial instruments held by UnipolSai and its subsidiaries. Below are tables containing the information necessary for comparison with the insurance companies that do apply IFRS 9.

Fair value at 31 December 2020, changes in fair value of financial investments recognised according to IAS 39 which passed the SPPI Test and other financial investments

Amounts in €m	Consolidated carrying amount at 31/12/2020	Fair value at 31/12/2020	Change in Fair value for the period
Financial investments passing the SPPI test, other than financial assets at fair value through profit or loss (a)	47,043.0	47,702.9	2,859.8
Other financial investments (b)	16,529.8	16,526.7	(358.3)
Total (a) + (b)	**63,572.8**	**64,229.7**	**2,501.6**

Main exposures by counterpart of investments passing the SPPI test

Amounts in €m

Counterpart	Consolidated carrying amount at 31/12/2020
Italian Treasury	25,598.3
Spanish Treasury	3,951.6
French Treasury	1,465.1
Germanian Treasury	946.7
Intesa SanPaolo SpA	802.7
Portuguese Treasury	544.5
Deutsche Bank AG	424.8
Irish Treasury	389.7
Commerzbank AG	351.6
Société Générale SA	305.7
Other Counterparts	12,262.3
Total Financial investments passing the SPPI test, other than financial assets at fair value through profit or loss	**47,043.0**

Rating class of financial investments recognised according to IAS 39 which passed the SPPI Test

Amounts in €m

Rating class	Consolidated carrying amount at 31/12/2020	IAS 39 carrying amount at 31/12/2020 before any adjustment for impairment	Fair value at 31/12/2020
AAA	715.6	679.2	715.6
AA	2,396.3	2,200.8	2,393.2
A	7,807.3	6,923.5	7,916.4
BBB	33,100.0	27,311.7	33,605.5
Total low credit risk financial investments (1)	**44,019.1**	**37,115.2**	**44,630.7**
BB	2,548.4	2,432.8	2,593.4
B	157.5	156.0	157.5
Lower rating	102.4	105.5	102.4
With no rating	215.7	215.7	219.1
Total financial investments other than low credit risk investments (2)	**3,023.9**	**2,910.0**	**3,072.2**
Financial investments passing the SPPI test, other than financial assets at fair value through profit or loss (1) + (2)	**47,043.0**	**40,025.2**	**47,702.9**

5.13 Criteria to determine the recoverable amount of goodwill with an indefinite useful life (impairment test)

As in previous years, in accordance with IAS 36.10, which provides for the Impairment of Intangible Assets that have an indefinite useful life, the impairment test was carried out on the goodwill recognised in the consolidated financial statements with reference to subsidiaries.

In determining the parameters used for the assessments, the criteria adopted were aligned with market practice, taking as a reference, for them and for the economic/financial projections, the current macroeconomic scenario and a forward-looking scenario incorporating the effects of the COVID-19 pandemic, taking into account the provisions of the ESMA guidelines[44] (October 2020) and Consob instructions (Warning Notice no. 1/21 of 16 February 2021). As regards particularly the evolution of the business model, also in relation to the implications of the COVID-19 pandemic, as things currently stand the following is expected:

- an evolution of the insurance offer to meet new customer needs, increasingly integrated with value propositions, also in the services and beyond insurance area;
- an evolution of the major risks offer in the SME/small business area;
- an additional evolution of technical excellence in pricing as well as underwriting;
- a physical and digital ("phygital") omnichannel strategy, focusing on the value added provided by the agency to customer relationships;
- an operating model capable of facilitating the digital and customer-centric evolution of the business model and improving the efficiency of the operating mechanism.

With respect to this scenario, appropriate Sensitivity Analyses were also developed to test the stability of the recoverable amounts of goodwill if there was a variation in the main parameters used in the tests.

Note that in December, UnipolSai finalised the acquisition of 100% of the share capital of Cambiomarcia Srl ("Cambiomarcia"), an Italian company specialised in online used vehicle sales, incurring an outlay of approximately €5.9m. This value was determined by taking into account the contents of a fairness opinion issued by a leading independent advisor. This transaction generated goodwill of around €5.9m, allocated to the Non-Life Business CGU. The goodwill was calculated on a provisional PPA (Purchase Price Allocation) basis as permitted by IFRS 3, in consideration of the accounting position of Cambiomarcia at 31 December 2020. Note that the final accounting of the PPA, based on the fair value measurement of the assets and liabilities acquired, will take place within 12 months of the date that control of the company was acquired.

The CGU structure did not change compared to the previous year. Consequently, the CGUs to which the residual goodwill was allocated, impairment tested at 31 December 2020, were:

- Non-Life CGU: UnipolSai Assicurazioni - Non-Life
- Life CGU: UnipolSai Assicurazioni - Life

In relation to the measurement methods and benchmarks adopted to estimate the recoverable value of goodwill, note that, as specified below, the same measurement criteria were adopted as for the previous year, with benchmark updating arranged at the end of 2020.
The impairment testing of the Non-Life CGU was performed as follows:

- the recoverable value of UnipolSai Assicurazioni - Non-Life goodwill was measured using the "excess capital" version of a DDM (Dividend Discount Model);
- to calculate this value the actual economic and financial position at 31 December 2020 was considered and, for the years 2021-2025, the economic and financial projections useful in defining the profit forecasts for these years, prepared by the company and approved by its Board of Directors, were taken as reference.

The impairment testing of the Life CGU was performed as follows:

- the recoverable amount of goodwill was calculated using the "Appraisal Value" method, by considering (i) the Embedded Value and (ii) the value of the portfolio of new products based on the discounting of related future cash flows (Value of New Business).

[44] *ESMA Public Statement issued in October 2020 "European common enforcement priorities for 2020 annual financial reports"*

The results obtained from application of the impairment procedure show that there is no need to make any value adjustments to the goodwill of the Non-Life CGU and the Life CGU recorded in the consolidated financial statements at 31 December 2020.

Non-Life CGU	
Valuation method used	The method used, similar to that carried out last year, was an "excess capital" type of DDM (Dividend Discount Model) and focused on the future cash flows theoretically available for shareholders, without drawing on the assets needed to support the expected growth and in accordance with the capital requirements imposed by the Supervisory Authority on capital requirements. According to this method the value of the economic capital is the sum of the current value of potential future cash flows and the current terminal value.
Net profits used	The above net profits were considered.
Projection period	Five prospective flows were considered.
Discounting rate	A discounting rate of 6.33% was used, broken down as follows: - risk-free rate: 1.14% - beta coefficient: 1.01 - risk premium: 5.13% The average figure for the 10-year Long-Term Treasury Bond for the period January-December 2020 was used for the risk-free rate. As in the previous year, a 2-year adjusted Beta coefficient for a sample of companies listed on the European market and deemed to be comparable was used. The risk Premium was defined by taking into account the estimates of this parameter made by primary contributors.
Long term growth rate (*g* factor)	It was deemed appropriate to reduce the g-rate to 1.2% (compared to 1.7% in the previous year) taking into account the macroeconomic predictive indicators and related to the reference market.
Life CGU	
Goodwill recoverable amount	With regard to UnipolSai Assicurazioni - Life, the recoverable value of goodwill was determined using the "Appraisal Value" method.

Below are the **results of the impairment tests** along with the relevant **sensitivity analyses**:

Amounts in €m	**Pro-rata recoverable amount (a)**	**Allocation of goodwill**	**Goodwill included in equity per recoverable amount (b)**	**Goodwillto be tested**	**Excess**
Non-Life CGU	4,230	1,309	(309)	1,000	3,230
Life CGU	963	322	(204)	117	846
Total	**5,193**	**1,631**	**(514)**	**1,117**	**4,076**

(a): Recoverable amount obtained as the difference between the pro-rata value of the CGU and the pro-rata Adjusted Shareholders' equity.
(b): Goodwill already included in Adjusted Shareholders' equity, considered in the recoverable amount estimation

Parameters used - Non-Life	
Risk Free	1.14%
Beta	1.01
Risk premium	5.13%
Short-term discounting rate	6.33%
Range	*5.83% - 6.83%*
Pass	*0.5%*
g factor	1.2%
Range	*0.7% - 1.7%*
Pass	*0.5%*

Amounts in €m		Sensitivity (Value range)					
		Min			Max		
CGU	**Recoverable Amount - Goodwill Delta**	**Value**	**g**	**Discounting rate**	**Value**	**g**	**Discounting rate**
UnipolSai Assicurazioni - Non-Life	3,230	2,620	0.7%	6.83%	4,120	1.7%	5.83%

Amounts in €m		Sensitivity (Value range)		Recoverable Amount - Goodwill Delta = 0			
				Hp. 1 (g rate = that used for impairment)		Hp. 2 (g rate assumed to be 0)	
CGU	**Recoverable Amount - Goodwill Delta**	**Min**	**Max**	**g**	**Discounting rate**	**g**	**Discounting rate**
UnipolSai Assicurazioni - Non-Life	3,230	2,620	4,120	1.2%	14.50%	0%	14.61%

Amounts in €m		Sensitivity Recoverable Amount - Goodwill Delta	
CGU	**Recoverable Amount - Goodwill Delta**	**Min**	**Max**
UnipolSai Assicurazioni - Life	846	806	859

5.14 Notes on Non-life business

Procedural note on fixing the level of provisions and assumptions made

The process that leads to making the assumptions is carried out in such a way as to make a valuation of the liabilities with the intention of coming up with an estimate that is as realistic as possible.
The source of the figures is internal and the trends are based on annual statistics and monitored monthly throughout the year.
As far as possible assumptions are checked against market statistics.
If any information is missing, incomplete or unreliable the estimate of the final cost is based on the adoption of prudent assumptions.
The very nature of insurance business makes it highly complex to estimate the cost of settling a claim with any certainty, and the elements of complexity vary according to the class involved. The provision for each claim reported is set by an adjuster and is based on the information in his possession and on experience gained in similar cases. The forecasts fed into the system are periodically updated on the basis of new information about the claim. The final cost may vary as the claim proceeds (for example deterioration in the condition in the event of injury) or in the event of catastrophes.
As the Group's work is concentrated in Italy the major exposure to catastrophe risks is represented by natural disasters such as Earthquake, Flood and Hail.
Reinsurance cover is taken out to cover this type of risk, at levels differentiated with respect to the individual portfolios of the companies in the Group. The identified thresholds, with particular reference to Earthquake risk, have been judged on the basis of calculations made using statistical models that simulate the company's exposures in detail. The calculations were made as part of the process of determining the Risk Appetite.

The provisions for claims reported are estimated using the inventory method and the adjusters' estimates are also combined, where application conditions are satisfied, with the results of statistical methods such as the Chain Ladder, the Bornhuetter Ferguson and the ACPC (Average Cost Per Claim) and with valuations based on the average costs for the year (for similar groups covering a sufficiently large number of claims). These methods were applied after consistency of the underlying data had been verified using the model assumptions.

The Chain Ladder method is applied to the "paid" and "loading" factors. The method is based on historical analysis of the factors that affect the trend in claims. The selection of these factors is based on the figures for the accumulated amounts paid out, giving an estimate of the final cost per year of occurrence if the claims for that year have not been paid in full.
The Chain Ladder method is suitable for sectors in which the figures are stable and is therefore not suitable in cases in which there are no significantly stable previous periods and in cases of significant changes in the settlement rate.
The Bornhuetter Ferguson method uses a combination of a benchmark (or estimates of the ratio of losses to 'a priori' premium) and an estimate based on claims incurred (Chain Ladder).
The two estimates are combined using a formula that gives greater weight to experience. This technique is used in situations in which the figures are not suitable for making projections (recent years and new classes of risk).

The ACPC method is based on a projection of the number of claims to be paid and the respective average costs. This method is based on three fundamental assumptions: settlement rate, basic average costs and exogenous and endogenous inflation.

These methods extrapolate the final cost according to the year in which the claim is incurred and according to similar groups of risk on the basis of the trends in claims recognised in the past. Should there be a reason for deeming the trends recognised to be invalid some of the factors are modified and the projection adapted to fit the available information. Some examples of what affects the trends could be:
- changes in the claims handling procedures involving different approaches to settlement/making allocations to provisions;
- market trends showing increases higher than inflation (may be linked to the economic situation or to political, legal or social developments);
- random fluctuations including the impact of "major" claims.

Claims incurred but not yet reported are estimated on the basis of the historical trends within the company, with the number and the average costs of the claims being estimated separately.

As allowed by IFRS 4, the provisions were not discounted.

Scope of analysis

The Unipol Group Companies operating in the Non-Life market (direct business) are: UnipolSai (which during the year incorporated Pronto Assistance), Siat, Incontra, Linear, UniSalute, Arca Assicurazioni and Ddor.
The scope considered in this document makes reference to the companies mentioned above, excluding only DDOR. The incidence of the amount of provisions of the excluded company stands at 0.4%.

Trend in claims (claims experience)

In 2020, the effects of the COVID-19 pandemic and the actions taken by the government to limit its spread (lockdown) influenced claims trends, which saw some very significant declines, as well as the volume of premiums, which was also down. The decrease in claims regarded in particular those in the medium-low range, while the average cost of claims reported was generally higher than in the past.
The tables below, which illustrate the trend in claims, show the estimated first-year costs for each year in which claims were incurred from 2011 until 2020 and the adjustments made in subsequent years as a result of the claim being settled or the budget being adjusted as a result of more information about the claim being received.
The line showing the variation compared with the first-year provision must be considered separately since subsequent adjustments may already have been incorporated into the provisions figures for later years.
Maximum caution must be exercised when extrapolating opinions on the adequacy or inadequacy of provisions from the results found in the following table.
The Group considers the provisions for claims reported or yet to be reported incurred by 31 December 2020 to be adequate in light of available information. Of course, as they are estimates there is no absolute certainty that the provisions are in fact adequate.

Trend in claims (all classes except Assistance)

Amounts in €m

Year of Event	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**Total**
Estimate of claims accumulated											
at the end of the year of event	7,896	7,260	6,515	6,222	5,236	5,299	5,412	5,461	5,557	4,706	**59,566**
one year later	7,729	7,062	6,414	6,189	5,189	5,225	5,410	5,462	5,605		
two years later	7,788	7,046	6,362	6,113	5,119	5,191	5,356	5,416			
three years later	7,805	7,026	6,318	6,034	5,055	5,166	5,307				
four years later	7,781	6,984	6,278	5,955	5,018	5,122					
five years later	7,761	6,958	6,225	5,906	4,991						
six years later	7,736	6,935	6,187	5,868							
seven years later	7,720	6,907	6,127								
eight years later	7,696	6,877									
nine years later	7,667										
Estimate of claims accumulated	**7,667**	**6,877**	**6,127**	**5,868**	**4,991**	**5,122**	**5,307**	**5,416**	**5,605**	**4,706**	**57,685**
Accumulated payments	7,341	6,462	5,625	5,259	4,428	4,481	4,609	4,477	4,101	1,906	**48,688**
Change compared to assessment at year 1	(229)	(384)	(389)	(354)	(245)	(177)	(106)	(45)	48		
Outstanding at 31/12/2020 - Carrying amount	**326**	**415**	**502**	**609**	**563**	**641**	**698**	**939**	**1,504**	**2,800**	**8,996**

The ultimate cost relating to the year 2019 was up following the selection, in the valuation of the UnipolSai General TPL business, of only the CHL Paid method, which was the most prudent of the set of models developed.
The breakdown of the IBNR estimated at 31 December 2019 showed an overall sufficiency in 2020 of €120.2m or 11.9% of the estimate.

Change in the assumptions made and sensitivity analysis of the model

The estimated cost for 2011-2019 at 31 December 2020 was €52,979m, a decrease from the valuation carried out at 31 December 2019 for the same years (€53,255m).
The new figure takes account of the savings recognised on claims that have been settled and of the revaluations required on claims that are still outstanding.

The risks arising from insurance policies are complex and subject to numerous variables that make the task of quantifying the sensitivity of the model complex.
The incidence of the amount of the 2,268 major claims net of claims handled by others (above €800k in the case of MV TPL, above €400k in the case of General TPL and €350k in the case of Fire) on the total provisions of the three classes was 26.4%. A 10% increase in the number of major claims would have led to a fall in provisions of €189.1m. The incidence on total provisions of claims handled by others was 2.6%. If reinsurers had revalued these claims by 5.0%, costs would have risen by €11.5m.

The sensitivity analysis of the models directed at determining two scenarios, one favourable and one unfavourable, was conducted on the MV TPL (Non-Card and Handler Card separately) and General TPL classes of UnipolSai Assicurazioni (UnipolSai provisions represent 91.9% of the companies considered in this analysis; the provisions of the MV TPL and General TPL business of UnipolSai totalled 72.0%).

The two scenarios were obtained with the following assumptions:

- Favourable: for MV TPL, a decline in inflation by one and a half points (1.0%) was assumed for the ACPC method compared to the baseline model (2.5%); reference was made to the provision corresponding to the tenth percentile for the Chain Ladder Paid method (*). For General TPL, reference was made to the provision corresponding to the tenth percentile (*).
- Unfavourable: for MV TPL, a decline in inflation by one and a half points (4.0%) was assumed for the ACPC method compared to the baseline model (2.5%); reference was made to the provision corresponding to the ninetieth percentile for the Chain Ladder Paid method (*). For General TPL, reference was made to the provision corresponding to the ninetieth percentile (*).

(*) Assuming that the provision is distributed according to a log-normal function with parameter relating to standard deviation calculated with the Mack method

In the sensitivity analysis for years prior to 2009 (excluded from the model), the same changes deriving from application of the stress scenarios to later years were applied.

The following table shows the overall group provisions and the scenarios selected for the LAT as shown previously:

Amounts in €m	Pre 2009	2009 -- 2020	Total	% Delta
Provision requirements	828	8,082	8,910	
Unfavourable LAT assumption	869	8,401	9,270	*4.04*
Favourable LAT assumption	790	7,783	8,574	*(3.78)*

In assessing the results of these variations, note that these analyses are of the deterministic type and no account is taken of any correlations. Overall, provisions (€10,380m relating to the consolidation scope examined) in the financial statements are higher than the top end, i.e. the unfavourable scenario assumption.

5.15 Notes on Life business

Breakdown of the insurance portfolio

Consolidated Life premiums for 2020 totalled €4,327.9m (insurance and investment products), with a decline of -26% compared to the previous year.
The Life direct premiums of the Group came from both the traditional companies (UnipolSai Assicurazioni and DDOR) and bancassurance companies (Arca Group and Bim Vita).

The consolidated Life premiums of the UnipolSai Group at 31 December 2020 are broken down as follows:

Consolidated Life direct premiums

Amounts in €m	UnipolSai Ass.	Arca Group	Bim Vita	DDOR Novi Sad	**Total**
Insurance premiums (IFRS4)	2,874.9	820.6	46.0	17.1	3,758.7
% var.	*(26.8)*	*(43.7)*	*(18.1)*	*9.8*	*(31.1)*
Investment products (IAS39)	223.7	318.9	26.7		569.3
% var.	*44.4*	*46.3*	*34.9*		*45.0*
Total life business premium income	3,098.6	1,139.5	72.7	17.1	4,327.9
% var.	***(24.0)***	***(32.0)***	***(4.3)***	***9.8***	***(26.0)***
Breakdown:					
Insurance premiums (IFRS4)	*92.8%*	*72.0%*	*63.3%*	*100.0%*	*86.8%*
Investment products (IAS39)	*7.2%*	*28.0%*	*36.7%*	*0.0%*	*13.2%*

The Life direct premiums for the Group originate for €3,098.6m from UnipolSai (-24%), €1,139.5m from the Arca Group (-32%), €72.7m from BIM Vita (-4.3%) and €17.1m from DDOR (+9.8%).

Insurance premiums totalling €3,758.7m (-31.1%) accounted for 86.8% of total premiums, down compared to the figure for the previous year (93.3%). Non-insurance premiums amounted to €569.3m (+45%) and related to unit-linked and open pension funds.

Direct insurance premiums: income type

Amounts in €m	UnipolSai Ass.	Arca Group	Bim Vita	DDOR Novi Sad	**Total**
Traditional premiums	2,229.6	820.6	31.9	17.1	3,099.2
Financial premiums	0.5		14.1		14.7
Pension funds	644.9				644.9
Insurance premiums (IFRS4)	**2,874.9**	**820.6**	**46.0**	**17.1**	**3,758.7**
of which investments with DPF	*1,890.4*	*772.8*	*14.1*		*2,677.3*
% investment with DPF	*65.8%*	*94.2%*	*30.7%*	*0.0%*	*71.2%*

The insurance premiums of the UnipolSai Group continued to be composed primarily of traditional policies, which account for 82.5% of total consolidated premiums (up from the 77.1% recorded in 2019), compared to 17.2% represented by pension fund premiums (22.7% in 2019) and, finally, only 0.4% by financial premiums (0.2% in 2019).

5.16 Risk Report 2020 of the Unipol Group

The Risk Report aims to provide an overview of the risk management system, the own risk and solvency assessment process and the Unipol Group risk profile, in compliance with the principles introduced in the European Solvency II regulations that entered into force from 1 January 2016.

Activities by the competent corporate organisations of the Group were carried out in 2020 in compliance with Solvency II regulations and the supervisory provisions issued by IVASS.

Internal Control and Risk Management System

The Unipol Group's Risk Management structure and process are part of the wider internal control and risk management system already illustrated in the Annual Integrated Report, to which reference is made.

The principles and processes of the System as a whole are governed by the following Group policies: "Risk Management Policy", "Current and Forward-looking Internal Risk and Solvency Assessment Policy", "Operational Risk Management Policy" and "Group-level Risk Concentration Policy".
The policies setting the principles and guidelines below are an integral part of this System: (i) management of specific risk factors (e.g. the Investment Policy with regard to market and liquidity risks, and the Credit Policy), (ii) risk management as part of a specific process, (iii) risk mitigation and (iv) risk measurement model management.

The risk identification, assessment and monitoring processes are performed on an ongoing basis, to take into account any changes in their nature, business volumes and market context, and any insurgence of new risks or changes in existing risks.
These processes are carried out using methods that guarantee an integrated approach at Group level. The Parent ensures that the risk management policy is implemented consistently and continuously within the entire Group, taking into account the risks of each company included in the scope of supervision of the Group and their mutual interdependencies.

Risk Appetite and Risk Appetite Framework

The Risk Management System adopted by the Group is inspired by an enterprise risk management logic. This means that is based on the consideration, with an integrated approach, of all the current and prospective risks the Group is exposed to, assessing the impact these risks may have on the achievement of the strategic objectives and replies on a fundamental element, i.e. the Risk Appetite.
In quantitative terms, the Group's Risk Appetite is determined in general on the basis of the following elements:
- capital at risk;
- capital adequacy;
- Liquidity/ALM ratios.

Furthermore, quality objectives are defined in reference to compliance, emerging, strategic, reputational, ESG (Environmental, Social and Governance) and operational risks.

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

The Risk Appetite forms part of a reference framework - the Risk Appetite Framework (RAF). The RAF is defined in strict compliance and prompt reconciliation with the business model, the Strategic Plan, the Own Risk and Solvency Assessment (ORSA) process and the Internal Capital Adequacy Assessment Process ("ICAAP"), the budget, company organisation and the internal control system.

The RAF defines the Risk Appetite and other components ensuring its management, both in normal and stress conditions. These components are:
- Risk Capacity;
- Risk Tolerance;

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

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

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

The Group RAF takes into account the specific operations and related risk profiles of each company in the Group, in such a way as to be integrated and consistent.

The ORSA process

Under their own risk management systems Unipol and the companies that fall within the scope of the internal current and forward-looking risk and solvency assessment policy use the ORSA to assess the effectiveness of the risk management system in terms of capital adequacy and liquidity management governance.

The ORSA process allows the analysis of the current and prospective risk profile analysis of the Group and the insurance companies in the Group, based on strategy, market scenarios and business development.

The risk management process

The risk management process involves the following steps:
- risk identification;
- current and forward-looking assessment of risk exposure;
- risk monitoring and reporting;
- risk mitigation.

The process is performed in compliance with the Risk Appetite Framework.

Risk identification

Risk identification consists in identifying the risks considered significant, i.e. those with consequences capable of compromising the solvency or reputation of the Insurance Group and its companies, or constitute a serious obstacle to achieving strategic objectives. These risks are classified according to a methodology that takes into consideration the Group structure, the specific nature of the types of business managed by the various operating Companies and the classifications proposed by Italian and European supervisory regulations.

The categories of risk identified are as follows:
- Technical-Insurance underwriting risks (Non-Life and Health);
- Technical-Insurance underwriting risks (Life);
- Market risk;
- Credit risk;
- Liquidity and ALM risk;
- Operational risk;
- Standard compliance risk;
- Emerging risks and strategic risk;
- Reputational risk;
- ESG (Environmental, Social and Governance) risks;
- Other risks.

This identification and its constant updating are the result of meticulous and continuous activity performed through:

- continuous monitoring of business operations;
- continuous monitoring of the reference regulatory framework;
- the exercise of Profit and Loss attribution that compares profit and loss recorded at year end with those estimated by the Internal Model, in order to verify whether it correctly represents all risk factors.

An assessment is performed at least annually to verify that the risks identified actually represent the risk profile of the Group and its companies.

Current and forward looking assessment of risk exposure

At least annually and in any event every time circumstances arise that could significantly alter the risk profile, the Group assesses the risks to which the insurance group and the individual companies are exposed, at present and prospectively, documenting the methods used and the related results. In the internal Current and Forward-looking Risk and Solvency Assessment Policy, the process for the current and forward-looking assessment of risks is also defined, including risks deriving from companies included in the scope of Group supervision and taking into account the risk interdependencies.
The current and forward-looking assessment also includes stress testing to verify the company's vulnerability to extreme but plausible events.

<u>Current assessment of risks</u>
The current assessment of risks identified is performed through methods envisaged in regulations and best practices as regards risks for which measurement is not regulated or defined by high-level principles.

<u>Forward-looking assessment of risks</u>
The ORSA process is used to support operational and strategic decisions. The Group defines and implements procedures that are commensurate with the nature, scope and complexity of the business activities and enable it to identify and assess accurately the risks to which the Group or individual company is or could be exposed in the short and long term.

Stress test, reverse stress test and sensitivity analyses

The Group and each subsidiary Company conduct stress test, reverse stress test and sensitivity analyses at least annually, in compliance with requirements of the national Supervisory Authority regulations. To this end, the Group has adopted:

- a stress test framework that begins with analysis of the key risk factors, envisaging the definition of a set of stress tests:
  - <u>general</u> (i.e. applying to the Group and to all Group Companies) or specific (i.e. applying to individual Companies);
  - which consist in the application of <u>shocks to individual risk factors</u> (e.g. interest rates) or contextual shocks to multiple groups of risk factors (i.e. scenario analysis);
  - which concern financial variables and/or technical-insurance variables.
- a sensitivity analysis framework for the main financial figures of interest, in order to assess the solvency of the Group and the Companies in alternative economic scenarios;
- a set of reverse stress test exercises to identify loss scenarios that could put the Company's solvency in difficulty.

Risk monitoring and reporting

In order to ensure prompt and constant monitoring of the evolution of the Risk Profile and compliance at the different levels of company responsibility with the defined Risk Appetite, a reporting system was implemented based on the principles of completeness, promptness and disclosure efficiency.
This system guarantees that the quality and quantity of information provided is commensurate with the needs of the various recipients and with the complexity of the business managed, in order for it to be used as a strategic and operating tool in assessing the potential impact of decisions on the company's risk profile and solvency.
In relation to the recipients, reporting is divided into "internal" and "external". "Internal" reporting is addressed to the bodies and internal structures of the Group and its companies, with the aim of steering strategic and business decisions and verifying sustainability over time. "External" reporting is directed to Supervisory Authorities and the market and meets the disclosure and transparency requirements of regulations in force.

With regard to internal reporting, in consideration of the recipients of the various requirements and uses, two types of reporting are provided:
- strategic reporting on risk management, containing information important in supporting strategic decisions;
- operational reporting on risk management with an adequate granularity in supporting business operations.

As part of the strategic reporting, the following are provided to the Board of Directors, the Control and Risk Committee and Top Management:
- annually, a proposal for approval of the Risk Appetite (Risk Appetite Statement)[45];
- quarterly, a report with the results of controls performed on observance of the Risk Appetite for the current year (Risk Appetite Monitoring);
- quarterly, a report with the results of controls performed on observance of the operational risk limits defined in the specific risk management policies;
- quarterly, a report on the monitoring of significant risk concentrations at Group level;
- at least annually, the results of stress testing.

Risk escalation and mitigation process

With regard to Risk Appetite monitoring, detection of any of the defined thresholds being exceeded triggers the escalation process described below:
- if the Risk Appetite and the Risk Tolerance, when defined, are exceeded, the Board of Directors is informed. The Board of Directors assesses whether the approval of a new Risk Appetite or Risk Tolerance level is appropriate or defines action to be taken to restore the Risk Appetite or Risk Tolerance level;
- if the Risk Capacity is exceeded, the Board of Directors is notified and defines the actions to be taken.

If the Risk Appetite and/or Risk Tolerance and/or Risk Capacity of individual companies are exceeded, the Boards of Directors of Unipol Gruppo SpA and UnipolSai Assicurazioni SpA are informed, indicating any corrective action taken.

In order to mitigate existing or prospective levels of risk not in line with the defined risk objectives, the following measures can be adopted:

a) **Financial hedges**: these measures may take the form of hedging transactions on the market using financial derivatives. The Investment Policy defines the principles for the use and management of hedging instruments.
b) **Reinsurance**: transfers part of the underwriting risk outside the Group, providing more possibility for business growth, both by proportionally reducing the amounts at risk (e.g. proportional treaties) and by limiting even further the amounts of major claims (e.g. non-proportional treaties). The "Reinsurance and Other Risk Mitigation Techniques Policy" defines the guidelines on reinsurance cover management.
c) **Guarantees held as a hedge against credit risks**: the main type of guarantee available on exposures to reinsurers is represented by deposits with the Group for the risks ceded and retroceded that are generally moved (placed and repaid) annually or half-yearly. Their duration largely depends on the specific nature of the underlying insurance benefits and on the actual duration of the reinsurance agreements, which are renegotiated at the end of each year. For exposures to reinsurers the Group also makes use of a

45 In reference to the Parent, at consolidated level and at individual company level.

limited number of guarantees consisting mainly of Letters of credit and Securities. Collateral deposited by the counterparties for operating in derivatives under CSA-type (Credit Support Annex) agreements is also used as guarantees on credit risks[46]. If the Internal Model for measuring risks includes mitigation techniques, their compatibility and constant updating in line with performance must be guaranteed.

d) **Management action:** corrective action to be applied if certain events occur, such as the restructuring of assets and/or liabilities under management or the disposal of assets and/or liabilities (position closures).
e) **Operational risk mitigation actions:** mitigation plans with the aim of preventing or mitigating the effects should a risk event occur. The implementation of mitigation plans is based on decisions made on a continual basis during the entire operational risk monitoring stage.
f) **Emergency and contingency plans:** extraordinary ex ante measures to be activated if certain catastrophes or emergency events should occur, such as those envisaged in the Pre-emptive recovery plan of the Insurance Group, Business Continuity Plan and Disaster Recovery Plan which respectively define the measures/actions to be adopted at Group and/or Company level to restore the financial position of the Group and/or a Group company in specific scenarios of financial difficulty and severe macro-economic stress, and govern operating procedures for declaring a crisis situation arising from catastrophes and managing the effects.
g) **Strategic, emerging and reputational risk mitigation actions**: mitigation plans with the aim of preventing or mitigating the effects deriving from the occurrence of specific strategic risks, economic losses caused by reputational damages or deriving from new risks not yet monitored or mapped.

Partial Internal Model

The Unipol Group and the subsidiaries UnipolSai Assicurazioni and Arca Vita are authorised by IVASS to use the Partial Internal Model to calculate the solvency capital requirement.

The Partial Internal Model is used to assess the following risk factors, as well as in the aggregation process:

- Non-Life and Health Technical Insurance risks relating to the earthquake catastrophe component;
- Life Technical Insurance risks;
- Market risk;
- Credit risk.

There is a plan for the extension of the Partial Internal Model to include all measurable risk modules and reach a Full Internal Model type configuration.

Non-Life and Health technical insurance risk is represented by the following sub-modules: tariff-setting risk, provisions risk, catastrophe risk and surrender risk. A Partial Internal Model that integrates internal model components (Earthquake catastrophe risk), Specific Group Parameters and the Standard Formula is used to calculate the solvency capital requirement.
In particular, the use of the Specific Parameters concerns the tariff-setting and provisions risks of the Group and of UnipolSai in the segments of Non-Life insurance and reinsurance obligations under Annex II to EU Delegated Regulation 2015/35 of 10 October 2014, as specified below:

- Segment 1, Proportional insurance and reinsurance on TPL resulting from the circulation of vehicles;
- Segment 4, Proportional insurance and reinsurance against fire and other damage to property;
- Segment 5, Proportional insurance and reinsurance on general TPL.

In addition, except with regard to Earthquake risk, the catastrophe risks and surrender risk are assessed using the Standard Formula.

Life underwriting risk (mortality/longevity risk, surrender risk and expense risk) is measured using the Partial Internal Model based on the Least Square Monte Carlo approach, consistent with the principles indicated in Solvency II regulations, which allow calculation of the Probability Distribution Forecast in relation to Life risk factors. Catastrophe risk, in addition to the Life underwriting risks relating to Unit-Linked and Pension Fund products, are assessed using the Standard Formula.

The **market risk** of the securities portfolio, for which the investment risk is not borne by the policyholders, is measured using the Partial Internal Model that adopts a Monte Carlo VaR approach. As part of the Internal Market Model, Life liabilities are replicated through cash flows with a maturity equivalent to the breakdown of Life provisions for the guaranteed component and polynomial functions (the Least

[46] The CSA requires the delivery of a collateral asset when the value of the contract exceeds the set threshold.

Square Monte Carlo approach) to represent the Future Discretionary Benefits component. Market risk of the securities portfolio for which investment risk is borne by policyholders and concentration risk are assessed using the Market Wide Standard Formula.

Credit risk is measured using the Partial Internal Model that adopts a CreditRisk+ approach.
This model makes it possible to measure the risk of default relating to bank counterparties, concerning exposures deriving from cash available at banks and financial risk mitigation operations through derivative contracts, and to the insurance and reinsurance exposures. Furthermore, the model allows the risk of default deriving from exposures to intermediaries and policyholders to be measured.

The risk aggregation process defined by the Group calls for a bottom"up approach and may be broken down into two phases:
- aggregation of the risk sub"modules which make up Market risks, Non-Life and Health Technical Insurance risks, Life technical insurance risks and Credit risks so as to obtain the Probability Distribution Forecast ("PDF") of each risk module;
- aggregation of the risk modules of Market risks, Non-Life and Health Technical Insurance risks, Life Technical Insurance risks and Credit risks in order to calculate the Basic SCR.

The aggregation of the sub-modules involves three distinct approaches:
- joint sampling of risk factors;
- aggregation by means of the Var-Covar method (with a posteriori determination of the PDF);
- aggregation of multiple marginal distributions through coupling functions.

Market Wide Standard Formula

For Group companies other than UnipolSai Assicurazioni and Arca Vita, risk is measured using the Market Wide Standard Formula.

Below is additional information on the calculation procedure and the main results for each risk at 31 December 2020.

Financial risks

The Group's Investment Policy establishes the criteria forming the basis of the investment policy, the types of activities considered correct to invest in, the breakdown of the portfolio of medium/long-term investments and fixes the limits on the underwriting and monitoring of market risk in such a way as to ascertain total exposure, in line with the "risk appetite" expressed in the Group's strategic objectives, guaranteeing an adequate portfolio diversification.

Market risk

Market risk refers to all risks which have the effect of diminishing investments of a financial or real estate nature as a result of adverse trends in the relevant market variables. The market risk modules are:

- Interest rate risk;
- Equity risk;
- Real estate risk;
- Exchange rate risk;
- Spread risk.

In the Partial Internal Model, the Value at Risk method is used to measure the market risk, calculated over a 1-year time period and with a confidence interval of 99.5%. In addition, sensitivity and stress test measurements are determined for each risk factor.

Interest rate risk for ALM purposes is quantified in terms of duration mismatch and Net Asset Value sensitivity against parallel changes in the forward interest rates structure. The assets falling under the calculation of the duration mismatch and Net Asset Value sensitivity include securities, cash, receivables and properties; the liabilities include the financial liabilities and technical provisions. The market value is used for financial assets and liabilities, whilst best estimates are used for the technical provisions. The duration mismatch is calculated as the difference between the duration of assets and the duration of liabilities weighted for the assets value, considering the adjusting effect of the derivatives.
At 31 December 2020 the duration mismatch for Life business stood at "0.61 and at +1.40 for Non-Life business.
With reference to Net Asset Value sensitivity to a parallel change in the forward interest rate curve for the Life business, the sensitivity +100 basis points equals +€266m, whilst for the Non-Life business the sensitivity +100 basis points equals "€265m.

Equity risk is the risk connected with a potential variation in the value of share assets, as a result of market volatility of the reference indexes.

Real estate risk is the risk connected with the occurrence of losses as a result of unfavourable changes in the market value of real estate assets.
The assets falling under the calculation of real estate risk include real estate funds, directly-owned properties and direct and indirect investments in real estate projects.
In particular, with reference to directly-owned properties, the value used to calculate the risk (fair value) is that deriving from the estimate made by independent experts.

Exchange rate risk for ALM purposes is defined as the risk of a possible variation in the value of financial statement assets and liabilities and the Net Asset Value as a result of unfavourable changes in exchange rates. Based on the Investment Policy, the total exposure to non-Euro currencies, net of currency hedging, must be limited to 3% of total investments.
The Unipol Group's exposure to currency risk was not significant at 31 December 2020.

Spread risk is the risk connected with a variation in the value of bond assets following a change in spreads representing the credit rating of individual issuers. In light of the policies and processes adopted to monitor and manage liquidity risk and the objective difficulty in quantifying the default risk of government bonds issued by European Union Member States, spread risk on government bonds has been excluded from the measurement of the market SCR based on the Partial Internal Model. It is not included because of:

- the nature of the business of the insurance companies, characterised by primarily buy and hold type long-term investment strategies and restrictions regarding the matching of liabilities expressed in terms of ALM;
- the objective difficulty of quantifying the probability of default and loss given default of developed countries, which represent the reference investment area for government bonds for risk measurement purposes.

The assessment of spread risk on government bonds is included within Pillar II risks and the relative measurement is carried out based on a stress testing type approach.

The level of sensitivity of the portfolios of financial assets to the main market risk factors is shown below by Group sector.

Sensitivity is calculated as a variation in the market value of the assets at 31 December 2020, following the shocks resulting from a:

- parallel change in the interest rate curve of +10 bps;
- "20% change in the share prices;

- +10 bps change in the credit spread.

	Insurance Business	
Amounts in €m	Impact on Income Statement	Impact on Statement of financial position
Unipol Group		
Interest rate sensitivity (+10 bps)	31.41	(408.80)
Credit spread sensitivity (+10 bps)	(0.99)	(428.64)
Equity sensitivity (-20%)	20.81	(768.57)

	Other businesses Sector	
Amounts in €m	Impact on Income Statement	Impact on Statement of financial position
Unipol Group		
Interest rate sensitivity (+10 bps)	(0.07)	(1.89)
Credit spread sensitivity (+10 bps)	(0.13)	(2.31)
Equity sensitivity (-20%)	(0.04)	(16.83)

The values include the hedging derivatives.

Liquidity risk

Liquidity risk is the risk of not having the liquid resources necessary to meet the assumed obligations, in the financial statements and off-balance sheet, pertaining to their business, without undergoing economic losses deriving from forced sales of assets in case of adverse scenarios.
The liquid resources functional for the core business deriving from cash and cash equivalents, from the sale of securities that can be swiftly turned into cash and from any financing activities.
The main principles on which the liquidity risk management model within the Unipol Group is based may be summarised as follows:

- punctual measurement of the contractual and forecast cash flows on different maturity dates;
- definition and approval of the liquidity risk tolerance in terms of "survival time" in ordinary and stress conditions;
- managing structural liquidity by keeping a balance between maturities of medium-term assets and liabilities in order to avoid critical situations in the short-term liquidity positions;
- managing short-term liquidity in order to have the necessary liquidity to fulfil short-term commitments, both foreseeable and unforeseeable, deriving from any stress scenarios, by keeping a suitable balance between cash in-flows and outflows;
- defining and periodically applying stress scenarios relating to the technical and financial variables in order to verify the ability of the individual Companies and of the Group as a whole to address these situations;
- maintaining an adequate amount of assets that can be swiftly turned into cash on the market, so as to avoid significant economic impact if adverse scenarios occur, or able to be financed with repurchase agreements.

Credit risk

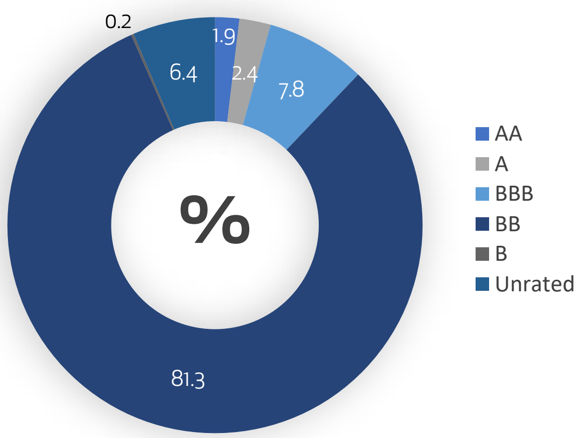
Credit risk (or Counterparty Default Risk) identifies the risk that a debtor or guarantor under an enforcement order may wholly or partially fail to honour its accrued monetary commitment to the Parent or one of the Group companies.
Credit risk therefore reflects the potential losses from an unexpected default by counterparties and debtors of the insurance and reinsurance companies in the next twelve months. Counterparty default risk includes the risk mitigation contracts, e.g. reinsurance agreements, securitisations and derivatives, and likewise every other credit exposure not included among the financial risks (credit spread risk).
Credit risk management is defined in the Credit Policy which describes the roles and responsibilities of the parties involved, the risk assessment principles, the operating limits imposed for monitoring purposes and the mitigation principles.
In relation to credit risk, the Risk Management Department monitors compliance with the limits defined in the Group Credit Policy and prepares reports to the administrative bodies, Top Management and the operating structures on developments in this risk.

In the insurance sector, credit risk is mainly found in exposures to banks, to the bond classes of the Group's insurance companies and to outwards reinsurance. Note that as part of the risk measurement system, the bond classes are included under Non-Life technical-insurance risk and the related exposures are also monitored as part of credit risk.

Banks
Existing exposure to banks refers to deposited liquidity and exposures in OTC derivatives. In particular, the derivatives exposure considered for risk management and monitoring purposes is equal to the sum of market values, if positive, of the current individual contracts and takes into account any risk mitigation arrangements (collateralisation) covered in the CSAs signed with individual counterparties.

The following table shows the distribution of Unipol Group exposures to banks, broken down by rating class, recognised at 31 December 2020.

Receivables from banks by rating class



Bond classes of the insurance companies in the Group
This risk is calculated within the technical insurance risks (see relevant section) and monitored by the Bond and Credit Assignment Committee.

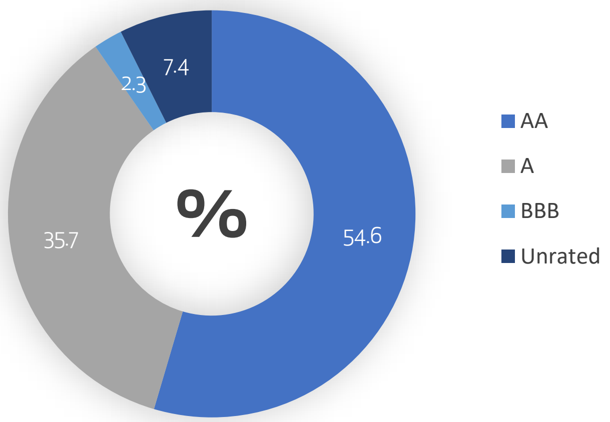
Outwards reinsurance

In this area, the existing exposure to credit risk is divided into:

- liquid receivables already due arising out of the bordereaux sent to the reinsurer listing the balances on each policy during the period and those still outstanding;
- potential estimated receivables for the provisions borne by the reinsurer (which will become due at the time of the payment to the policyholder and for the relative amounts). The exposure for provisions is always deemed to be net of any deposits retained or other collateral guarantees (e.g. Banking LOC, reinsurers' and Parent's commitment, etc.).

Provided below is the distribution of Unipol Group exposure to reinsurers, broken down by rating class, recognised at 31 December 2020 net of intragroup reinsurance.

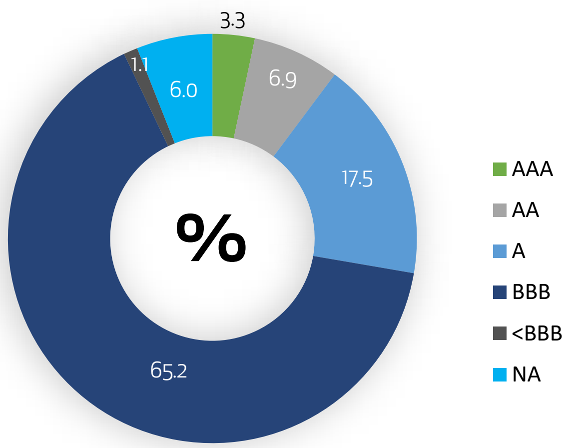
Receivables and reserves from reinsurers by rating class



Debt security Issuer Risk

The credit risk of debt securities is monitored within market risk based on credit spread volatility. The following table shows the distribution of the Unipol Group's bonds portfolio, insurance business and holding business, broken down by rating class (figures at 31/12/2020).

Breakdown of debt securities by rating class



Information relating to exposure to sovereign debt securities

In accordance with Consob Communication DEM/11070007 of 5 August 2011 and ESMA document 2011/397 of 25 November 2011, relating to information to be provided in annual and interim financial reports on listed companies' exposures to Sovereign debt securities and current trends in international markets, details are provided of Sovereign exposures (i.e. bonds issued by central and local governments and by government organisations and loans granted to them) held by the Unipol Group at 31 December 2020.

	Balance at 31 December 2020		
Amounts in €m	Nominal value	Carrying amount	Market value
Italy	**22,842.7**	**26,017.5**	**26,432.5**
Available-for-sale financial assets	21,517.0	24,734.1	24,734.1
Financial assets at fair value through OCI	205.7	215.2	215.2
Financial assets at fair value through profit or loss	3.0	3.1	3.1
Held-to-maturity investments	362.7	350.8	518.4
Loans and receivables	754.2	714.3	961.7
Spain	**3,366.7**	**3,979.3**	**4,021.3**
Available-for-sale financial assets	3,062.2	3,659.9	3,659.9
Financial assets at fair value through profit or loss	20.0	27.7	27.7
Loans and receivables	284.5	291.8	333.8
France	**1,804.9**	**1,967.8**	**1,967.8**
Available-for-sale financial assets	1,304.9	1,465.1	1,465.1
Financial assets at fair value through OCI	500.0	502.7	502.7
Germany	**1,419.8**	**1,446.8**	**1,441.5**
Available-for-sale financial assets	744.8	769.4	769.4
Financial assets at fair value through OCI	575.0	577.3	577.3
Loans and receivables	100.0	100.0	94.7
Portugal	**418.8**	**544.5**	**545.4**
Available-for-sale financial assets	401.4	531.6	531.6
Loans and receivables	17.4	12.9	13.8
Belgium	**302.3**	**329.7**	**333.3**
Available-for-sale financial assets	202.3	225.3	225.3
Financial assets at fair value through OCI	50.0	50.2	50.2
Loans and receivables	50.0	54.1	57.7
Ireland	**299.4**	**389.7**	**389.7**
Available-for-sale financial assets	299.4	389.7	389.7
Slovenia	**209.1**	**257.5**	**257.5**
Available-for-sale financial assets	209.1	257.5	257.5
Netherlands	**142.3**	**144.5**	**144.5**
Available-for-sale financial assets	17.3	19.1	19.1
Financial assets at fair value through OCI	125.0	125.4	125.4
Slovakia	**98.1**	**132.7**	**132.7**
Available-for-sale financial assets	98.1	132.7	132.7
Serbia	**89.9**	**96.5**	**101.2**
Available-for-sale financial assets	25.5	28.7	28.7
Held-to-maturity investments	64.4	67.8	72.6

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Amounts in €m	Balance at 31 December 2020		
	Nominal value	Carrying amount	Market value
Israel	**82.9**	**92.0**	**92.0**
Available-for-sale financial assets	82.9	92.0	92.0
Cyprus	**73.5**	**82.8**	**82.8**
Available-for-sale financial assets	73.5	82.8	82.8
Great Britain	**60.8**	**62.5**	**62.5**
Available-for-sale financial assets	60.8	62.5	62.5
Latvia	**48.5**	**60.9**	**60.9**
Available-for-sale financial assets	48.5	60.9	60.9
USA	**46.1**	**55.4**	**55.4**
Available-for-sale financial assets	46.1	55.4	55.4
Romania	**19.8**	**21.8**	**21.8**
Available-for-sale financial assets	19.8	21.8	21.8
Chile	**13.0**	**14.4**	**14.4**
Available-for-sale financial assets	13.0	14.4	14.4
Austria	**11.0**	**11.6**	**11.6**
Available-for-sale financial assets	11.0	11.6	11.6
Lithuania	**10.0**	**10.9**	**10.9**
Available-for-sale financial assets	10.0	10.9	10.9
Canada	**9.8**	**9.9**	**9.9**
Available-for-sale financial assets	9.8	9.9	9.9
Poland	**8.1**	**8.9**	**8.9**
Available-for-sale financial assets	8.1	8.9	8.9
Mexico	**8.0**	**9.7**	**9.7**
Available-for-sale financial assets	8.0	9.7	9.7
Croatia	**5.0**	**5.5**	**5.5**
Available-for-sale financial assets	5.0	5.5	5.5
Finland	**5.0**	**5.1**	**5.1**
Available-for-sale financial assets	5.0	5.1	5.1
TOTAL	**31,395.2**	**35,757.9**	**36,219.0**

The carrying amount of the sovereign exposures represented by debt securities at 31 December 2020 totalled €35,757.9m, 73% of which was concentrated on securities issued by the Italian State (81% in 2019). Moreover, the bonds issued by the Italian State account for 41% of total investments of the Unipol Group.

Technical-insurance risks

Risks relating to Life portfolios

With regard to risk assessment relating to the Life portfolio, the guidelines of the underwriting and provisions activities are defined in the "Underwriting Policy - Life Business" and in the "Provisions Policy - Life Business".

The Underwriting Policy defines the guidelines addressing underwriting activities and the related risk management, governing the assumption principles and logic of Unipol Group insurance companies based in Italy and operating in the Life business.

The Provisions Policy defines the guidelines addressing provisions activities for direct business and the related risk management, governing the provision principles and logic of Unipol Group insurance companies based in Italy and operating in the Life business, in compliance with national and international accounting standards and the Solvency II prudential supervisory system.
Technical-insurance risks relating to Life business underwriting are divided into:

- mortality risk: associated with an unfavourable change in demographic bases resulting from experience (higher death rate) compared to those used in determining the tariff;
- longevity risk: associated with an unfavourable change in demographic bases resulting from experience (lower death rate) compared to those used in determining the tariff;
- surrender risk: associated with adverse changes in the level or volatility of the incidence of surrenders, withdrawals, early settlements and terminations in premium payments;
- expense risk: associated with adverse changes in the value of expense linked to policies compared to the values used to determine the tariff;
- catastrophe risk: deriving from an unforeseeable event, the consequence of which is to affect multiple individuals at the same time, generating a number of claims for amounts significantly higher than expected.

The options included in the tariffs that can affect the assessment of risks present in the portfolio are monitored. The most significant of these are illustrated below.

<u>Surrender</u>
This option allows the customer to surrender the contract and receive the surrender value (does not apply to the pure-risk tariffs and annuities currently being distributed). Depending on the contract type, more or less significant penalties can be applied, often based on claim seniority.

<u>Conversion to annuity</u>
In individual products where the benefit is expressed in the form of capital, there is often the option to accept disbursement as an annuity. Among the individual policies portfolio there are products for which the conversion ratios are determined at the time of issue of the contract and others, the majority of which (generally those issued after 2000) with the amount of the annuity determined only at the time of the option. In this case the demographic risk is considerably mitigated.
In the supplementary pensions segment, especially collective, the ratios are often associated with each sum paid in, but the risk is mitigated by the frequency at which the offer conditions can be reviewed.

<u>Maturity deferment</u>
The portfolio includes individual term life products (not "whole-life") that in many cases provide the option to extend the validity of the contract after its original maturity date. During maturity deferment the payment of further premiums is not normally allowed.
The conditions applied during deferment vary according to the contractual terms, and continuation of the contract's financial guarantees or the application of those used at the time of the option can be granted. Depending on the conditions, even the duration of the maturity deferment can be determined or extended year by year.
The impact on the portfolio of exercising the maturity deferment option is not particularly significant at present.

Risks relating to Non-Life portfolios

With regard to risk assessment relating to the Non-Life portfolio, the reference guidelines are contained in the "Policy for the governance and amendment of the Undertaking Specific Parameters to calculate the SCR of the Technical-Insurance Non-Life and Health risks", the "Underwriting Policy - Non-Life Business", the "Provisions Policy - Non-Life Business" and the "Reinsurance and Other Risk Mitigation Techniques Policy".

The Policy for the governance and amendment of the Undertaking Specific Parameters to calculate the SCR of the Technical-Insurance Non-Life and Health risks defines guidelines on the governance and amendment of the USP methodology by defining the roles and responsibilities of the corporate bodies and functions involved.

The Underwriting Policy defines the guidelines addressing underwriting activities and the related risk management, governing the assumption principles and logic of Unipol Group insurance companies based in Italy and operating in the Non-Life business.

The Provisions Policy defines the guidelines addressing provisions activities and the related risk management, governing the provision principles and logic of Unipol Group insurance companies based in Italy and operating in the Non-Life business, in compliance with national and international accounting standards and the Solvency II prudential supervisory system.

The Reinsurance and Other Risk Mitigation Techniques Policy aims to define the guidelines on outwards reinsurance and other techniques for mitigating risk.

During 2020 the Non-Life technical-insurance risks were calculated using the Non-Life Partial Internal Model, consistent with the standards of Solvency II.

With regard to the assessment of Non-Life and Health underwriting and provisions risks, in the initial transition phase it was decided to adopt the use of parameters calculated by Undertaking Specific Parameter methods (USP) for the high-volume lines of business, in place of market parameters. These methods allow a more accurate representation of the Group's risk characteristics, which have specific features in terms of dimension, business type and reference market, that cannot be captured by average estimates performed on the European market.

Action continued in 2020 on the Non-Life Internal Model project, which envisages the gradual development of models based on phased extension of the scope of application (insurance companies, risks, lines of business). Specifically, the new model uses a level of granularity based on uniform risk groups consistent with:
- the reinsurance strategies;
- the provisioning process;
- product pricing.

With reference to Earthquake risk, the Group adopts one of the main global models for the analytical evaluation of such risk. This tool consists of three modules:
- Hazard, which assesses the uncertainty associated with the possibility of an earthquake occurring in a given area (frequency) and the uncertainty relating to its magnitude (intensity). The following chance variables are modelled in this module:
    - location (uncertainty associated with determining the possible point of origin of the event);
    - frequency (period of recurrence of the events);
    - intensity (the severity of the event in terms of energy released);
- Vulnerability, which assesses the seismic vulnerability of different types of insurable assets to a seismic event of a given intensity. The assessment is based on specific parameters such as the type of building (residential, commercial, etc.), the construction quality, the number of floors in the building and the type of assets present;
- Financial, which identifies the economic loss to the insurance company (in terms of deductibles, the sum insured, reinsurance cover, etc.).

In 2020 this tool also provided support to the Group in the Underwriting and Tariff-setting processes and in defining the reinsurance strategy.

With reference to other Catastrophe Risks, the assessments were performed using the standardised scenario approach proposed by EIOPA, in which the following events are taken into consideration:

- natural disasters such as flood and hail;
- man-made disasters such as large-scale fires and acts of terrorism;
- "health" risks, such as the risk of a pandemic.

Consistent with the internal model expansion plan relating to catastrophe risks, in the course of 2020 the licences of the Italy Flooding model were acquired from a leading software house specialised in catastrophe modelling. A phase of assessing the Severe Convective Storm (SCS) model of the same software house was also initiated relating to the estimation of damages associated with hail, tornado and strong wind events.

Operational risks

In order to ensure a complete analysis of company risks, the Unipol Group has an "Operational Risk Management Policy", updated annually, and has drafted a framework to identify, measure, monitor and manage Operational Risk. This term means "*the risk of losses deriving from the inadequacy or malfunctioning of processes, human resources or systems, or from external events*". Based on the Operational Risk Management framework, relations and reciprocal impacts between operational and other risks are also considered, with the objective of understanding the direct and indirect effects of events linked to operational risk. In particular, the analysis schemes adopted are aimed at understanding, based on a causal approach, the risk factors, events and effects, both financial and non-financial, and the impacts these can have on the Group's solvency and on the achievement of the objectives set.

Within the Group governance structure, the monitoring of Operational Risks is entrusted to the Operational Risks function of the Risk Management Department. The objectives assigned to this unit, within the internal control system, are aimed at ensuring the Group's assets are safeguarded and at adequate risk control.
Operational risk identification consists in gathering as much information as possible about the risk event, its possible causes and effects with a view to increasing awareness of the specific exposure of the various company areas. In addition, this activity also aims to assess the adequacy of controls and identify the best management solutions for any critical situations.

The operational risk identification essentially involves carrying out two separate processes:

- Loss Data Collection ("LDC") with a backward-looking approach: LDC is a process that aims to analyse and quantify historic operational risk events. External loss data is also collected, which helps to enhance the wealth of information on how operational risk can arise in comparable companies.
- Collection of expert opinions through the Risk Self Assessment process ("RSA") with a forward-looking approach: the data collected through the RSA includes an estimate of the potential economic impact of the risk event and an estimate of the related expected annual occurrence frequency.

The organisational model for operational risk governance and control envisages a network of analysts in a number of UnipolSai Assicurazioni SpA Divisions and the main Group companies which, after following a specific training course on operational risk management, provide support to the Risk Management Department in identifying operational risk and monitoring this risk within their own areas of operations.

Operational risk assessment is performed annually by the main Group Companies.

Standard compliance risk

With regard to Standard compliance risk, the Unipol Group's compliance risk management process is transversal and comprises organisational and operating monitoring activities carried out by resources from the various company functions. The Compliance Function is tasked with assessing whether the organisation and the internal corporate procedures are suitable to reach the objective of preventing this risk, according to a risk-based approach.

Emerging risks, strategic risk and reputational risk

With regard to emerging risks, strategic risk and reputational risk, within the dedicated structure present within the Risk Management Department, a dedicated Observatory was created at Group level, called "Reputational & Emerging Risk Observatory", whose key elements are the involvement of an interfunctional Technical Panel and of all the main Business Departments, the use of a consolidated predictive model and methodologies based on futures studies to ensure a forward-looking view of the medium/long-term in order to

anticipate the risks and future opportunities, and a holistic approach aimed at grasping and governing the interconnections, both in reading the external context for an integrated vision of the different emerging macro trends (social, technological, political and environmental), and in the internal response for a unified view of the different corporate areas and of the different steps of the value chain.
The purpose of the Observatory is to assure effective monitoring of emerging risks, strategic risk and reputational risk, verifying the constant alignment between stakeholders' expectations and the Group's responses and anticipating the most significant phenomena to catch new business opportunities and prepare for emerging risks.
Strategic risk is controlled at Group level through the monitoring of Strategic Plan drivers to verify any deviation from the defined scenarios, also using scenario analysis with the aim of strengthening the resilience of Group strategy in an external context characterised by accelerating change, with growing levels of complexity and uncertainty.

With specific reference to the reputational risk, within the frame of the Observatory, a Reputation Management framework was developed at the Group level, which operates in the dual mode of construction and protection of the reputational capital, through two work sites that rely on dedicated corporate competencies and structures in a path of constant mutual alignment, under the joint leadership of the "Corporate Communication and Media Relations" and "Risk Management" functions, with the goal of stably integrating these assets in the strategic planning processes.

The level of awareness reached within the Group on the growing importance of reputation as leverage for business and distinctive market positioning in 2019 led to the definition of an integrated governance model for Reputation, operational from 2020, which envisages the setup of corporate bodies dedicated to the proactive management of the Group's reputation in terms of both building and protection, such as the Operational Reputation Management Team and the Reputation Network, and the launch of a widespread system for reporting reputational warnings involving all the Group managers.

ESG risks

The ESG (Environmental, Social and Governance) risks are integrated into the ERM Framework and the Group policies system.

As part of the ERM Framework, the Group identifies and monitors the ESG risk factors at the level of impact on underwriting risks, in association with investment-related risks, with a view to focusing on risks emerging on environmental, social and governance aspects and in terms of potential impact at reputational risk level.

ESG risk control is outlined in the individual risk categories, in such a way as to ensure management at all stages of the value creation process and mitigating any reputational risks associated with ESG risks as they arise. These controls, also designed to prevent exposure concentration to areas and/or sectors significantly exposed to ESG risks, are defined in the management policies for each risk category, where material.

Within the scope of ESG risks, a particular focus is dedicated to climate risks, specifically with regard to underwriting and investment activities.

The Group has mapped the risks and opportunities linked to the climate, prepared in accordance with the taxonomy defined by the Task Force on Climate-related Financial Disclosure. This map includes both physical and transitional risks. As regards the impact of climate change on physical risks, specific stress test analyses have been implemented and integrated within the Group's stress test framework.

As regards the ESG risks generated, a dedicated KRI dashboard has been developed, making it possible to monitor the risk level of each area - environmental, social and governance - while integrating oversight and listening indicators in order to combine the "inside-out" with the "outside-in" view.

Concentration risk

The Group has adopted the "Group-level Risk Concentration Policy" in accordance with the provisions of IVASS Regulation no. 30 of 26 October 2016 on the supervision of intragroup transactions and risk concentrations.
With specific reference to the purpose and contents of the Policy, note that it:

- illustrates the criteria and methods adopted, for each risk category (Non-Life and Health technical insurance risks, Life technical insurance risks, Market risk and Credit risk), to identify and measure the exposures, concentrations, their mitigation and operating limits, also through reference to other corporate policies on risk management;
- illustrates the methods by which the risk concentrations are considered in assessing the Group's risk profile;
- defines the limits and types of risk concentrations material to annual reporting to IVASS;
- defines the limits and types of risk concentrations in any event subject to monthly reporting to the Supervisory Authority.

The results of monitoring carried out on the risk concentrations significant at Group level and on concentrations to be reported in any event are submitted quarterly to the Board of Directors of the company for examination.

Other supervised companies

On 1 August 2019, the company UnipolReC began the activity of financial intermediary registered in the Single Register of Financial Intermediaries pursuant to Art. 106 of the Consolidated Law on Banking ("TUB"), as authorised by the Bank of Italy with its measure of 2 July 2019.
With reference to Pillar I risk measurement, in compliance with the provisions of Bank of Italy Circular no. 288 of 3 April 2015, standardised approaches were adopted for credit risks and the basic approach for operational risk.
In line with their class 3 allocation, the indications and approaches defined in the aforementioned Circular are adopted for Pillar II risks. In particular, given its business model, the material Pillar II risks for UnipolReC are represented by i) interest rate risk from non-trading activities, ii) residual risk, iii) liquidity risk, iv) standard compliance risk, v) reputational and strategic risk and, lastly, vi) risk associated with belonging to the Group.
In compliance with the aforementioned regulations and the provisions of the internal Policy on current and forward-looking risk and solvency assessment, the companies conducts the ICAAP on an annual basis.
The current and forward-looking assessment, both under ordinary and stress conditions performed as part of the ICAAP, is an integral part of the risk management system and the decision-making process of the company, in line with the other corporate planning and control processes such as i) strategic and budget planning, ii) Risk Appetite definition and iii) risk monitoring and mitigation.
In the Risk Appetite Statement, as defined in the Group Policy on Risk Management, risk targets and any tolerance levels are identified in accordance with the timing and business objectives set in the Budget and with the assessment methods defined for ICAAP purposes.
Also through the use of updated final figures, the ICAAP verifies the capital adequacy of the predefined objectives with the Budget and the Risk Appetite.

Bologna, 18 March 2021

The Board of Director

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TABLES APPENDED TO THE NOTES TO THE FINANCIAL STATEMENTS

Consolidation scope

Name	Country of registered office	Registered office	Country of operations (5)	Method (1)	Business activity (2)
Unipol Gruppo SpA	086 Italy	Bologna		G	4
Unipol Finance Srl	086 Italy	Bologna		G	9
UnipolSai Finance SpA	086 Italy	Bologna		G	9
UniSalute SpA	086 Italy	Bologna		G	1
Compagnia Assicuratrice Linear SpA	086 Italy	Bologna		G	1
Unisalute Servizi Srl	086 Italy	Bologna		G	11
Centri Medici Dyadea Srl	086 Italy	Bologna		G	11
UnipolSai Assicurazioni SpA	086 Italy	Bologna		G	1
Unipol Investment SpA	086 Italy	Bologna		G	9
Midi Srl	086 Italy	Bologna		G	10
Arca Vita SpA	086 Italy	Verona		G	1
Arca Assicurazioni SpA	086 Italy	Verona		G	1
Arca Vita International Dac	040 Ireland	Dublin		G	2
Arca Direct Assicurazioni Srl	086 Italy	Verona		G	11
Arca Inlinea Scarl	086 Italy	Verona		G	11
Arca Sistemi Scarl	086 Italy	Verona		G	11
BIM Vita SpA	086 Italy	Turin		G	1
Incontra Assicurazioni SpA	086 Italy	Milan		G	1
Siat-Societa' Italiana Assicurazioni e Riassicurazioni – per Azioni	086 Italy	Genoa		G	1
Ddor Novi Sad	289 Serbia	Novi Sad		G	3
Ddor Re	289 Serbia	Novi Sad		G	6
UnipolRe Dac	040 Ireland	Dublin		G	5
UnipolSai Nederland Bv	050 Netherlands	Amsterdam		G	11

% Direct holding	% Indirect holding	% Total participating interest (3)	% Votes available at ordinary General Meetings (4)	% Consolidation
				100.00%
100.00%		100.00%		100.00%
	100.00% UnipolSai Assicurazioni SpA	84.99%		100.00%
	98.99% UnipolSai Assicurazioni SpA	84.13%		100.00%
	100.00% UnipolSai Assicurazioni SpA	84.99%		100.00%
	100.00% UniSalute SpA	84.13%		100.00%
	100.00% UnipolSai Assicurazioni SpA	84.99%		100.00%
61.05%		84.99%		100.00%
	5.64% Unipol Finance Srl			
	0.00% UniSalute SpA			
	10.00% Unipol Investment SpA			
	0.00% Arca Vita SpA			
	0.00% Siat-Societa' Italiana Assicurazioni e Riassicurazioni – per Azioni			
	0.00% UnipolSai Servizi Consortili Societa' Consortile a Responsabilità Limitata			
	0.00% Gruppo UNA SpA			
	0.00% Alfaevolution Technology SpA			
	0.00% Leithà Srl			
	8.29% UnipolPart I SpA			
100.00%		100.00%		100.00%
	100.00% UnipolSai Assicurazioni SpA	84.99%		100.00%
	63.39% UnipolSai Assicurazioni SpA	53.88%		100.00%
	98.12% Arca Vita SpA	52.86%		100.00%
	100.00% Arca Vita SpA	53.88%		100.00%
	100.00% Arca Vita SpA	53.88%		100.00%
	60.22% Arca Vita SpA	53.47%		100.00%
	39.78% Arca Assicurazioni SpA			
	77.03% Arca Vita SpA	53.70%		100.00%
	16.97% Arca Assicurazioni SpA			
	5.00% Arca Vita International Dac			
	1.00% Arca Inlinea Scarl			
	50.00% UnipolSai Assicurazioni SpA	42.49%		100.00%
	51.00% UnipolSai Assicurazioni SpA	43.34%		100.00%
	94.69% UnipolSai Assicurazioni SpA	80.48%		100.00%
	100.00% UnipolSai Assicurazioni SpA	84.99%		100.00%
	0.00% Ddor Novi Sad	84.99%		100.00%
	100.00% UnipolRe Dac			
	100.00% UnipolSai Nederland Bv	84.99%		100.00%
	100.00% UnipolSai Assicurazioni SpA	84.99%		100.00%

Consolidation scope

Name	Country of registered office		Registered office	Country of operations (5)	Method (1)	Business activity (2)
Finsai International Sa	092	Luxembourg	Luxembourg		G	11
UnipolSai Investimenti Sgr SpA	086	Italy	Turin		G	8
Apb Car Service Srl	086	Italy	Turin		G	11
Auto Presto & Bene SpA	086	Italy	Turin		G	11
Casa di Cura Villa Donatello - SpA	086	Italy	Florence		G	11
Centro Oncologico Fiorentino Casa di Cura Villanova Srl in Liquidazione	086	Italy	Sesto Fiorentino (FI)		G	11
Florence Centro di Chirurgia Ambulatoriale Srl	086	Italy	Florence		G	11
UnipolSai Servizi Consortili Societa' Consortile a Responsabilità Limitata	086	Italy	Bologna		G	11
Tenute del Cerro SpA - Societa' Agricola	086	Italy	Montepulciano (SI)		G	11
UnipolSai Servizi Previdenziali Srl	086	Italy	Florence		G	11
Sogeint Societa' a Responsabilita' Limitata	086	Italy	San Donato Milanese		G	11
Pronto Assistance Servizi Scarl	086	Italy	Turin		G	11
Gruppo UNA SpA	086	Italy	Milan		G	11
Consorzio Castello	086	Italy	Florence		G	10
Ital H&R Srl	086	Italy	Bologna		G	11
Marina di Loano SpA	086	Italy	Loano (SV)		G	10
Meridiano Secondo Srl	086	Italy	Turin		G	10
Nuove Iniziative Toscane - Societa' a Responsabilita' Limitata	086	Italy	Florence		G	10
Tikal R.E. Fund	086	Italy			G	10
Athens R.E. Fund	086	Italy			G	10

% Direct holding	% Indirect holding		% Total participating interest (3)	% Votes available at ordinary General Meetings (4)	% Consolidation
	36.15%	UnipolSai Finance SpA	84.99%		100.00%
	63.85%	UnipolSai Assicurazioni SpA			
51.00%			92.64%		100.00%
	49.00%	UnipolSai Assicurazioni SpA			
	70.00%	Auto Presto & Bene SpA	59.49%		100.00%
	100.00%	UnipolSai Assicurazioni SpA	84.99%		100.00%
	100.00%	UnipolSai Assicurazioni SpA	84.99%		100.00%
	100.00%	UnipolSai Assicurazioni SpA	84.99%		100.00%
	100.00%	Casa di Cura Villa Donatello - SpA	84.99%		100.00%
0.02%			84.91%		100.00%
	0.20%	UniSalute SpA			
	0.20%	Compagnia Assicuratrice Linear SpA			
	99.17%	UnipolSai Assicurazioni SpA			
	0.20%	Arca Vita SpA			
	0.02%	BIM Vita SpA			
	0.02%	Incontra Assicurazioni SpA			
	0.11%	Siat-Societa' Italiana Assicurazioni e Riassicurazioni – per Azioni			
	0.02%	UnipolRe Dac			
	0.02%	Auto Presto & Bene SpA			
	0.02%	Pronto Assistance Servizi Scarl			
	100.00%	UnipolSai Assicurazioni SpA	84.99%		100.00%
	100.00%	UnipolSai Assicurazioni SpA	84.99%		100.00%
	100.00%	UnipolSai Assicurazioni SpA	84.99%		100.00%
	0.25%	UniSalute SpA	84.89%		100.00%
	3.00%	Compagnia Assicuratrice Linear SpA			
	95.65%	UnipolSai Assicurazioni SpA			
	0.10%	Arca Assicurazioni SpA			
	0.15%	Incontra Assicurazioni SpA			
	0.10%	UnipolSai Servizi Consortili Societa' Consortile a Responsabilità Limitata			
	0.25%	Alfaevolution Technology SpA			
	0.50%	Unipol*Rental* SpA			
	100.00%	UnipolSai Assicurazioni SpA	84.99%		100.00%
	99.57%	Nuove Iniziative Toscane - Societa' a Responsabilita' Limitata	84.62%		100.00%
	100.00%	UnipolSai Assicurazioni SpA	84.99%		100.00%
	100.00%	UnipolSai Assicurazioni SpA	84.99%		100.00%
	100.00%	UnipolSai Assicurazioni SpA	84.99%		100.00%
	100.00%	UnipolSai Assicurazioni SpA	84.99%		100.00%
	100.00%	UnipolSai Assicurazioni SpA	84.99%		100.00%
	89.59%	UnipolSai Assicurazioni SpA	76.14%		100.00%

Consolidation scope

Name	Country of registered office		Registered office	Country of operations (5)	Method (1)	Business activity (2)
Alfaevolution Technology SpA	086	Italy	Bologna		G	11
Leithà Srl	086	Italy	Bologna		G	11
UniAssiTeam Srl	086	Italy	Bologna		G	11
Unipol Reoco SpA	086	Italy	Bologna		G	11
Fondo Emporion	086	Italy			G	10
UnipolReC SpA	086	Italy	Bologna		G	11
Fondo Landev	086	Italy			G	10
Unipol*Rental*SpA	086	Italy	Reggio Emilia		G	11
Immobiliare C.S. Srl	086	Italy	Reggio Emilia		G	10
UnipolPart I SpA	086	Italy	Bologna		G	9
Unica Lab Srl	086	Italy	Bologna		G	11
Fondo Oikos	086	Italy			G	10
Cambiomarcia Srl	086	Italy	Ravenna		G	11

(1) Consolidation method: G=on a line-by-line basis; P=proportional; U=on a line-by-line basis as per unitary management.
(2) 1=Italian insurers; 2=EU insurers; 3=non-EU insurers; 4=insurance holdings; 4.1=mixed financial holding companies; 5=EU reinsurers; 6=non-EU reinsurers; 7=banks; 8=asset management companies; 9=other holdings; 10=real estate companies; 11=other.
(3) The product of investment relations concerning all companies which, positioned in an investment chain, may be between the company responsible for the consolidated financial statements and the company in question. If the latter is a direct investee of multiple subsidiaries, add together the individual products first.
(4) Total % availability of votes at ordinary general meetings if different from the direct or indirect investment.
(5) This disclosure is required only if the country of operations is different from the country of the registered office.

% Direct holding	% Indirect holding		% Total participating interest (3)	% Votes available at ordinary General Meetings (4)	% Consolidation
	100.00%	UnipolSai Assicurazioni SpA	84.99%		100.00%
	100.00%	UnipolSai Assicurazioni SpA	84.99%		100.00%
	65.00%	UnipolSai Finance SpA	55.24%		100.00%
	100.00%	UnipolReC SpA	97.78%		100.00%
	100.00%	UnipolSai Assicurazioni SpA	84.99%		100.00%
85.24%			97.78%		100.00%
	14.76%	UnipolSai Assicurazioni SpA			
	100.00%	UnipolSai Assicurazioni SpA	84.99%		100.00%
	100.00%	UnipolSai Assicurazioni SpA	84.99%		100.00%
	100.00%	Unipol*Rental* SpA	84.99%		100.00%
100.00%			100.00%		100.00%
	100.00%	UnipolSai Assicurazioni SpA	84.99%		100.00%
	100.00%	UnipolSai Assicurazioni SpA	84.99%		100.00%
	100.00%	UnipolSai Assicurazioni SpA	84.99%		100.00%

Consolidation scope: interests in entities with material non-controlling interests

Amounts in €m

Name	% non-controlling interests	% Votes available at Ordinary General Meetings to non-controlling interests	Consolidated profit (loss) attributable to non-controlling interests	Shareholders' Equity attributable to non-controlling interests
UnipolSai Assicurazioni SpA	15.01%	0.00%	120.5	1,252.4

Details of unconsolidated investments

Name	Country of registered office		Registered office	Country of operations (5)	Business activity (1)
Assicoop Toscana SpA	086	Italy	Siena		11
Pegaso Finanziaria SpA	086	Italy	Bologna		9
Fondazione Unipolis	086	Italy	Bologna		11
Uci - Ufficio Centrale Italiano	086	Italy	Milan		11
SCS Azioninnova SpA	086	Italy	Bologna		11
Garibaldi Sca	092	Luxembourg	Luxembourg		11
Isola Sca	092	Luxembourg	Luxembourg		11
Fin.Priv. Srl	086	Italy	Milan		11
Ddor Auto - Limited Liability Company	289	Serbia	Novi Sad		3
Funivie del Piccolo San Bernardo SpA	086	Italy	La Thuile (AO)		11
Ddor Garant	289	Serbia	Belgrade		11
Borsetto Srl	086	Italy	Turin		10
Servizi Immobiliari Martinelli SpA	086	Italy	Cinisello Balsamo (MI)		10
Golf Club Poggio dei Medici SpA Societa' Dilettantistica Sportiva	086	Italy	San Piero (FI)		11
BPER Banca SpA	086	Italy	Modena		7
Assicoop Bologna Metropolitana SpA	086	Italy	Bologna		11
Hotel Villaggio Citta' del Mare SpA in Liquidazione	086	Italy	Modena		11
Assicoop Modena & Ferrara SpA	086	Italy	Modena		11
Assicoop Romagna Futura SpA	086	Italy	Ravenna		11
Assicoop Emilia Nord Srl	086	Italy	Parma		11
Promorest Srl	086	Italy	Castenaso (BO)		11

(1) 1=Italy insurers; 2=EU insurers; 3=non-EU insurers; 4=insurance holdings; 4.1=mixed financial holding companies; 5=EU reinsurers; 6=non-EU reinsurers; 7=banks; 8=asset management companies; 9=other holdings; 10=real estate companies; 11=other.

(2) a=subsidiaries (IFRS10); b= associates (IAS28); c=joint ventures (IFRS11).

(3) The product of investment relations concerning all companies which, positioned in an investment chain, may be between the company responsible for the consolidated financial statements and the company in question. If the latter is a direct investee of multiple subsidiaries, add together the individual products first.

(4) Total % availability of votes at ordinary general meetings if different from the direct or indirect investment.

(5) This disclosure is required only if the country of operations is different from the country of the registered office.

Summary income and financial position data							
Total assets	Investments	Technical provisions	Financial liabilities	Shareholders' equity	Profit (loss) for the year	Dividends distributed to non-controlling interests	Gross premiums written
59,967.5	54,423.2	44,739.9	4,793.2	8,341.5	1,424.0	76.5	9,906.6

Type (2)	% Direct holding	% Indirect holding		% Total participating interest (3)	% Votes available at ordinary General Meetings (4)	Carrying amount (€m)
b		46.77%	UnipolSai Finance SpA	39.75%		2.2
b		45.00%	UnipolSai Finance SpA	38.24%		5.4
a		100.00%	UnipolSai Assicurazioni SpA	84.99%		0.3
b		0.0002%	Compagnia Assicuratrice Linear SpA	32.48%		0.2
		38.12%	UnipolSai Assicurazioni SpA			
		0.01%	Arca Assicurazioni SpA			
		0.002%	Incontra Assicurazioni SpA			
		0.092%	Siat-Societa' Italiana Assicurazioni e Riassicurazioni – per Azioni			
b		42.85%	UnipolSai Finance SpA	36.42%		2.7
b		32.00%	UnipolSai Assicurazioni SpA	27.20%		3.1
b		29.56%	UnipolSai Assicurazioni SpA	25.12%		
b		28.57%	UnipolSai Assicurazioni SpA	24.28%		31.1
a		100.00%	Ddor Novi Sad	84.99%		0.0
b		23.55%	UnipolSai Assicurazioni SpA	20.01%		2.5
b		32.46%	Ddor Novi Sad	34.00%		0.6
		7.54%	Ddor Re			
b		44.93%	UnipolSai Assicurazioni SpA	38.18%		0.5
b		20.00%	UnipolSai Assicurazioni SpA	17.00%		0.2
b		40.32%	Athens R.E. Fund	30.70%		0.9
b	9.56%			18.90%		1,068.5
		9.34%	UnipolSai Assicurazioni SpA			
b		49.19%	UnipolSai Finance SpA	41.81%		9.4
b		49.00%	UnipolSai Assicurazioni SpA	41.64%		
b		43.75%	UnipolSai Finance SpA	37.19%		8.0
b		50.00%	UnipolSai Finance SpA	42.49%		6.7
b		50.00%	UnipolSai Finance SpA	42.49%		6.5
b		49.92%	UnipolSai Finance SpA	42.43%		5.0

Statement of financial position by business segment

		Non-Life business		Life business	
	Amounts in €m	31/12/2020	31/12/2019	31/12/2020	31/12/2019
1	INTANGIBLE ASSETS	1,634.8	1,595.9	388.8	401.7
2	PROPERTY, PLANT AND EQUIPMENT	1,527.7	1,595.9	73.3	74.5
3	TECHNICAL PROVISIONS - REINSURERS' SHARE	808.3	950.0	27.1	39.7
4	INVESTMENTS	15,680.8	15,697.0	49,265.7	47,476.0
4.1	Investment property	437.3	1,189.3	4.3	6.5
4.2	Investments in subsidiaries, associates and interests in joint ventures	563.5	494.3	3.1	3.4
4.3	Held-to-maturity investments	50.8	83.0	370.0	371.6
4.4	Loans and receivables	2,703.4	2,029.7	2,536.0	2,672.0
4.4bis	Financial assets at amortised cost				
4.5	Available-for-sale financial assets	11,767.1	11,724.9	39,075.9	36,848.8
4.5bis	Available-for-sale financial assets				
4.6	Financial assets at fair value through OCI	158.6	175.9	7,276.4	7,573.6
5	SUNDRY RECEIVABLES	2,506.1	2,428.5	674.8	695.4
6	OTHER ASSETS	743.6	805.5	88.9	88.5
6.1	Deferred acquisition costs	38.8	42.1	60.3	59.1
6.2	Other assets	704.8	763.4	28.6	29.3
7	CASH AND CASH EQUIVALENTS	334.5	285.7	267.8	354.3
	TOTAL ASSETS	23,235.8	23,358.5	50,786.3	49,130.0
1	SHAREHOLDERS' EQUITY				
2	PROVISIONS	403.2	403.4	14.6	20.1
3	TECHNICAL PROVISIONS	14,387.8	15,067.2	43,319.2	42,500.2
4	FINANCIAL LIABILITIES	1,946.9	2,133.5	5,082.4	3,718.9
4.1	Financial liabilities at fair value through profit or loss	129.1	65.6	4,250.2	2,848.8
4.2	Financial liabilities at amortised cost	1,817.8	2,067.9	832.2	870.1
5	PAYABLES	874.4	880.6	117.4	168.9
6	OTHER LIABILITIES	771.3	733.5	415.8	282.9
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES				

Holding and Other businesses		Real Estate		Intersegment eliminations		Total	
31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
15.4	14.5	0.0	0.0			2,039.0	2,012.1
164.9	198.9	599.8	615.0			2,365.7	2,484.2
						835.3	989.6
2,899.5	1,955.6	1,765.0	782.0	(967.3)	(793.7)	68,643.6	65,116.9
32.8	35.7	1,701.6	759.5			2,176.0	1,991.1
586.2	505.8	0.9				1,153.7	1,003.4
						420.8	454.6
211.7	91.9	28.7		(960.5)	(787.0)	4,519.3	4,006.6
422.7	516.1					422.7	516.1
29.4	30.6	33.9	22.5	(6.8)	(6.7)	50,899.5	48,620.0
1,601.4	689.5					1,601.4	689.5
15.2	86.1					7,450.2	7,835.6
237.3	231.7	20.6	8.4	(198.0)	(180.0)	3,240.9	3,184.0
400.7	404.1	138.6	124.9	(184.6)	(115.0)	1,187.2	1,308.0
						99.2	101.2
400.7	404.1	138.6	124.9	(184.6)	(115.0)	1,088.0	1,206.8
466.1	338.4	26.3	28.6			1,094.8	1,007.0
4,183.9	3,143.3	2,550.3	1,558.9	(1,349.9)	(1,088.7)	79,406.5	76,101.9
						9,525.3	8,304.6
56.9	48.9	4.8	4.5			479.6	476.9
						57,707.0	57,567.3
3,460.3	2,481.1	207.4	231.9	(966.9)	(793.3)	9,730.2	7,772.0
						4,379.3	2,914.4
3,460.3	2,481.1	207.4	231.9	(966.9)	(793.3)	5,350.8	4,857.7
79.8	110.6	41.5	35.0	(195.1)	(182.4)	918.1	1,012.6
32.9	50.2	14.3	14.8	(187.9)	(113.0)	1,046.3	968.4
						79,406.5	76,101.9

Income statement by business segment

		Non-Life business		Life business	
	Amounts in €m	**31/12/2020**	31/12/2019	**31/12/2020**	31/12/2019
1.1	Net premiums	7,604.7	7,822.3	3,744.5	5,440.2
	1.1.1 Gross premiums earned	*8,051.3*	*8,261.2*	*3,759.0*	*5,454.6*
	1.1.2 Earned premiums ceded to reinsurers	*(446.7)*	*(438.9)*	*(14.5)*	*(14.4)*
1.2	Commission income	2.5	4.6	32.1	29.6
1.3	Gains and losses on financial instruments at fair value through profit or loss	(250.6)	(233.8)	63.4	126.6
1.4	Gains on investments in subsidiaries, associates and interests in joint ventures	6.1	268.6	5.5	
1.5	Gains on other financial instruments and investment property	766.3	931.2	1,419.3	1,349.8
1.6	Other revenue	687.2	552.2	45.3	53.2
	TOTAL REVENUE AND INCOME	**8,816.2**	**9,345.1**	**5,310.1**	**6,999.4**
2.1	Net charges relating to claims	(4,324.3)	(5,069.7)	(4,520.0)	(6,280.2)
	2.1.1 Amounts paid and changes in technical provisions	*(4,487.1)*	*(5,371.5)*	*(4,528.2)*	*(6,286.8)*
	2.1.2 Reinsurers' share	*162.8*	*301.8*	*8.1*	*6.6*
2.2	Commission expenses	(4.5)	(6.8)	(15.1)	(14.0)
2.3	Losses on investments in subsidiaries, associates and interests in joint ventures	(0.1)	(0.0)	(0.3)	(0.3)
2.4	Losses on other financial instruments and investment property	(229.8)	(314.7)	(328.6)	(94.9)
2.5	Operating expenses	(2,202.2)	(2,254.2)	(232.3)	(244.3)
2.6	Other costs	(951.1)	(798.2)	(143.2)	(140.1)
2	**TOTAL COSTS AND EXPENSES**	**(7,712.0)**	**(8,443.6)**	**(5,239.6)**	**(6,773.8)**
	PRE-TAX PROFIT (LOSS) FOR THE YEAR	**1,104.1**	**901.5**	**70.5**	**225.6**

Holding and Other businesses		Real Estate		Intersegment eliminations		Total	
31/12/2020	31/12/2019	**31/12/2020**	31/12/2019	**31/12/2020**	31/12/2019	**31/12/2020**	31/12/2019
						11,349.2	13,262.5
						11,810.4	*13,715.8*
						(461.2)	*(453.3)*
9.3	8.2			(9.5)	(7.8)	34.4	34.6
3.2	6.5				0.0	(183.9)	(100.7)
7.8	277.1					19.4	545.7
73.4	150.8	47.8	25.5	(24.3)	(24.4)	2,282.4	2,433.0
124.1	245.4	23.1	34.7	(59.4)	(78.1)	820.3	807.3
217.8	**688.1**	**70.9**	**60.2**	**(93.2)**	**(110.2)**	**14,321.7**	**16,982.4**
						(8,844.3)	(11,349.9)
						(9,015.2)	*(11,658.4)*
						170.9	*308.5*
(0.8)	(0.6)	(0.0)	(0.0)			(20.4)	(21.4)
(0.0)	(0.0)					(0.5)	(0.3)
(129.5)	(133.9)	(42.0)	(58.7)	13.2	11.2	(716.7)	(591.0)
(141.6)	(191.0)	(31.0)	(22.1)	18.3	20.1	(2,588.8)	(2,691.5)
(60.2)	(153.3)	(32.3)	(28.3)	61.7	79.0	(1,125.2)	(1,040.9)
(332.1)	**(478.9)**	**(105.4)**	**(109.1)**	**93.2**	**110.2**	**(13,295.9)**	**(15,695.1)**
(114.3)	**209.2**	**(34.5)**	**(48.9)**	**(0.0)**		**1,025.8**	**1,287.4**

Details of property, plant and equipment and intangible assets

Amounts in €m	At cost	At restated or fair value	Total carrying amount
Investment property	2,176.0		2,176.0
Other properties	1,532.9		1,532.9
Other tangible assets	832.9		832.9
Other intangible assets	408.1		408.1

Details of financial assets

	Held-to-maturity investments		Loans and receivables		Financial assets at amortised cost		Available-for-sale financial assets	
Amounts in €m	**31/12/2020**	31/12/2019	**31/12/2020**	31/12/2019	**31/12/2020**	31/12/2019	**31/12/2020**	31/12/2019
Equity instruments and derivatives at cost							4.8	4.8
Equity instruments at fair value							644.7	714.0
of which: listed securities							*449.7*	516.7
Debt securities	420.8	454.6	3,936.4	3,471.4			47,036.5	44,989.9
of which: listed securities	*420.8*	*422.6*					*46,389.2*	44,582.6
UCITS units							3,213.4	2,911.4
Loans and receivables from bank customers					422.7	516.1		
Interbank loans and receivables								
Deposits with ceding companies			86.3	62.9				
Financial receivables on insurance contracts								
Other loans and receivables			496.6	472.3				
Non-hedging derivatives								
Hedging derivatives								
Other financial investments								
Total	**420.8**	**454.6**	**4,519.3**	**4,006.6**	**422.7**	**516.1**	**50,899.5**	**48,620.0**

Financial assets at fair value through OCI		Financial assets at fair value through profit or loss						Total carrying amount	
		Held-for-trading financial assets		Financial assets at fair value through profit or loss		Financial assets at fair value through profit or loss			
31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
								4.8	4.8
55.3	240.1	0.0	0.0	138.8	164.6	0.0	0.0	838.9	1,118.6
55.3	240.1	*0.0*	*0.0*	138.8	164.6	*0.0*	*0.0*	*643.8*	*921.4*
1,546.1	449.4	142.4	94.1	2,987.1	4,376.7	15.0	10.5	56,084.1	53,846.6
1,546.1	*449.4*	*141.1*	*90.6*	*2,986.7*	*4,374.4*	*15.0*	*10.5*	*51,498.9*	*49,930.1*
		1.8	6.1	3,015.2	2,576.4	0.2	75.7	6,230.7	5,569.5
								422.7	516.1
								86.3	62.9
				1,036.6	347.9			1,036.6	347.9
								496.6	472.3
		22.7	63.4					22.7	63.4
		90.4	120.3					90.4	120.3
1,601.4	**689.5**	**257.2**	**283.8**	**7,177.8**	**7,465.6**	**15.2**	**86.1**	**65,313.9**	**62,122.4**

Details of assets and liabilities relating to insurance contracts where the investment risk is borne by policyholders and arising from pension fund management

	Benefits linked to investment funds and market indices		Benefits linked to pension fund management		Total	
Amounts in €m	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Recognised assets	2,849.2	2,463.7	4,328.5	5,001.3	7,177.8	7,465.1
Intragroup assets *						
Total Assets	**2,849.2**	**2,463.7**	**4,328.5**	**5,001.3**	**7,177.8**	**7,465.1**
Recognised financial liabilities	2,568.4	2,178.2	1,465.6	471.6	4,033.9	2,649.7
Recognised technical provisions	280.9	286.7	2,863.2	4,530.5	3,144.1	4,817.2
Intragroup liabilities *						
Total liabilities	**2,849.2**	**2,464.9**	**4,328.7**	**5,002.0**	**7,178.0**	**7,466.9**

* Assets and liabilities eliminated on consolidation

Details of technical provisions – reinsurers' share

	Direct business		Indirect business		Total carrying amount	
Amounts in €m	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Non-Life provisions	**790.0**	**929.3**	**18.3**	**20.7**	**808.3**	**950.0**
Premium provisions	214.3	225.2	3.2	2.2	217.5	227.4
Claims provision	575.7	704.1	15.1	18.5	590.8	722.6
Other technical provisions						
Life provisions	**25.2**	**36.5**	**1.9**	**3.1**	**27.1**	**39.7**
Provision for amounts payable	8.3	4.8	0.0	0.2	8.3	5.0
Mathematical provisions	16.9	31.8	1.9	2.9	18.7	34.6
Technical provisions where the investment risk is borne by policyholders and provisions arising from pension fund management						
Other technical provisions						
Total technical provisions - reinsurers' share	**815.2**	**965.8**	**20.1**	**23.8**	**835.3**	**989.6**

Details of technical provisions

	Direct business		Indirect business		Total carrying amount	
Amounts in €m	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Non-Life provisions	**13,791.8**	**14,536.2**	**596.1**	**531.0**	**14,387.8**	**15,067.2**
Premium provision	3,314.5	3,245.1	74.5	91.4	3,389.0	3,336.5
Claims provision	10,444.8	11,263.9	521.5	439.6	10,966.3	11,703.4
Other technical provisions	32.5	27.2	0.0		32.5	27.2
including provisions allocated as a result of the liability adequacy test						
Life provisions	**43,314.9**	**42,494.2**	**4.3**	**6.0**	**43,319.2**	**42,500.2**
Provision for amounts payable	572.2	412.0	1.3	1.4	573.5	413.4
Mathematical provisions	34,075.5	33,107.0	3.0	4.5	34,078.5	33,111.5
Technical provisions where the investment risk is borne by policyholders and provisions arising from pension fund management	3,144.1	4,817.2			3,144.1	4,817.2
Other technical provisions	5,523.2	4,158.0			5,523.2	4,158.0
including provisions allocated as a result of the liability adequacy test						
including deferred liabilities to policyholders	5,379.8	*4,017.2*			5,379.8	*4,017.2*
Total technical provisions	57,106.7	**57,030.4**	**600.4**	**537.0**	**57,707.0**	**57,567.3**

Details of financial liabilities

Amounts in €m	Financial liabilities at fair value through profit or loss				Financial liabilies at amortised cost		Total carrying amount	
	Financial liabilities held-for trading		Financial liabilities at fair value					
	31/12/2020	31/12/2019	**31/12/2020**	31/12/2019	**31/12/2020**	31/12/2019	**31/12/2020**	31/12/2019
Equity instruments								
Subordinated liabilities					2,088.3	2,167.6	2,088.3	2,167.6
Liabilities from financial contracts issued by insurance companies			4,055.1	2,661.8		0.0	4,055.1	2,661.8
Arising from contracts where the investment risk is borne by policyholders			*2,589.5*	*2,190.2*			*2,589.5*	*2,190.2*
Arising from pension fund management			*1,465.6*	*471.6*			*1,465.6*	*471.6*
Arising from other contracts						*0.0*		*0.0*
Deposits received from reinsurers					134.7	150.4	134.7	150.4
Financial items payable on insurance contracts								
Debt securities issued					2,741.5	1,813.0	2,741.5	1,813.0
Payables to bank customers								
Interbank payables								
Other loans obtained					385.9	517.7	385.9	517.7
Non-hedging derivatives	36.7	11.3					36.7	11.3
Hedging derivatives	287.6	241.2					287.6	241.2
Sundry financial liabilities					0.5	208.9	0.5	208.9
Total	**324.3**	**252.6**	**4,055.1**	**2,661.8**	**5,350.8**	**4,857.7**	**9,730.2**	**7,772.0**

Details of technical insurance items

		31/12/2020			31/12/2019		
	Amounts in €m	Gross amount	Reinsurers' share	Net amount	Gross amount	Reinsurers' share	Net amount
Non-Life business							
NET PREMIUMS		**8,051.3**	**(446.7)**	**7,604.7**	**8,261.2**	**(438.9)**	**7,822.3**
a	Written premiums	8,107.5	(439.9)	7,667.6	8,451.1	(448.5)	8,002.7
b	Change in premium provision	(56.1)	(6.8)	(62.9)	(189.9)	9.6	(180.4)
NET CHARGES RELATING TO CLAIMS		**(4,487.1)**	**162.8**	**(4,324.3)**	**(5,371.5)**	**301.8**	**(5,069.7)**
a	Amounts paid	(5,337.8)	296.4	(5,041.4)	(5,885.5)	299.2	(5,586.3)
b	Change in claims provision	717.2	(126.1)	591.2	340.2	11.9	352.1
c	Change in recoveries	134.8	(7.6)	127.2	175.9	(9.3)	166.5
d	Change in other technical provisions	(1.3)		(1.3)	(2.0)		(2.0)
Life business							
NET PREMIUMS		**3,759.0**	**(14.5)**	**3,744.5**	**5,454.6**	**(14.4)**	**5,440.2**
NET CHARGES RELATING TO CLAIMS		**(4,528.2)**	**8.1**	**(4,520.0)**	**(6,286.8)**	**6.6**	**(6,280.2)**
a	Amounts paid	(3,984.6)	15.9	(3,968.7)	(4,299.8)	14.2	(4,285.6)
b	Change in provision for amounts payable	(168.0)	3.9	(164.1)	(6.0)	1.2	(4.7)
c	Change in mathematical provisions	(969.3)	(11.7)	(981.0)	(1,008.3)	(8.8)	(1,017.2)
d	Change in technical provisions where the investment risk is borne by policyholders and arising from pension fund management	671.8		671.8	(936.7)		(936.7)
e	Change in other technical provisions	(78.1)	(0.0)	(78.1)	(36.1)	(0.0)	(36.1)

Investment income and charges

Amounts in €m		Interests	Other income	Other charges	Realised gains	Realised losses
Balance on investments		**1,421.6**	**329.4**	**(183.2)**	**552.5**	**(546.4)**
a	Arising from investment property		63.5	(26.0)	6.6	(0.9)
b	Arising from investments in subsidiaries, associates and interests in joint ventures		19.4	(0.4)		(0.0)
c	Arising from held-to-maturity investments	18.4		(0.0)	0.0	
d	Arising from loans and receivables	95.8		(0.0)	4.7	(73.9)
e	Arising from financial assets at amortised cost	22.0			35.8	(8.7)
f	Arising from available-for-sale financial assets	1,220.6	115.8	(1.6)	437.3	(340.3)
g	Arising from financial assets at fair value through OCI	3.2	4.5	(0.2)	3.1	(0.1)
h	Arising from held-for-trading financial assets	5.8	105.3	(85.6)	4.3	(43.9)
i	Arising from financial assets at fair value through profit or loss	55.0	19.5	(69.3)	42.4	(62.2)
l	Arising from financial assets mandatorily at fair value	0.7	1.4	(0.1)	18.2	(16.4)
Balance on sundry receivables		**1.9**				
Balance on cash and cash equivalents		**1.2**		**(0.0)**		
Balance on financial liabilities		**(161.2)**		**(53.4)**	**0.0**	**(1.7)**
a	Arising from held-for-trading financial liabilities				0.0	
b	Arising from financial liabilities at fair value			(42.7)		
c	Arising from financial liabilities at amortised cost	(161.2)		(10.7)		(1.7)
Balance on payables		**(2.3)**		**(0.2)**		
Total		**1,261.2**	**329.4**	**(236.8)**	**552.5**	**(548.1)**

Total realised gains and losses	Unrealised gains		Unrealised losses		Total unrealised gains and losses	Total gains and losses	Total gains and losses
	Unrealised capital gains	Write-backs	Unrealised capital losses	Impairment	31/12/2020	31/12/2019	
1,573.8	**473.1**	**16.3**	**(362.3)**	**(49.6)**	**77.4**	**1,651.2**	**2,717.9**
43.2		16.2	(35.8)	(13.7)	(33.3)	9.9	(12.5)
18.9						18.9	545.4
18.4						18.4	18.7
26.6		0.0			0.0	26.6	104.0
49.0				(25.2)	(25.2)	23.8	33.0
1,431.8	230.3			(9.7)	220.7	1,652.4	1,804.8
10.5	0.0			(1.0)	(1.0)	9.5	68.3
(14.0)	8.7		(263.4)		(254.7)	(268.7)	(289.5)
(14.5)	233.8		(62.2)		171.6	157.2	439.2
3.9	0.1		(0.9)		(0.7)	3.2	6.5
1.9						**1.9**	**2.8**
1.2						**1.2**	**1.0**
(216.2)	**1.6**		**(36.5)**		**(34.9)**	**(251.2)**	**(425.2)**
0.0						0.0	(0.8)
(42.7)	0.3		(33.2)		(32.9)	(75.6)	(256.1)
(173.5)	1.3		(3.4)		(2.1)	(175.6)	(168.2)
(2.5)						**(2.5)**	**(9.9)**
1,358.2	**474.7**	**16.3**	**(398.8)**	**(49.6)**	**42.4**	**1,400.6**	**2,286.7**

Details of insurance business expenses

Amounts in €m	Non-Life business		Life business	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Gross commissions and other acquisition costs	**(1,873.3)**	**(1,885.3)**	**(103.8)**	**(116.5)**
a Acquisition commissions	(1,329.3)	(1,350.5)	(59.2)	(69.1)
b Other acquisition costs	(387.5)	(375.1)	(39.3)	(44.1)
c Change in deferred acquisition costs	(1.0)	(0.9)	1.2	3.6
d Collection commissions	(155.5)	(158.7)	(6.5)	(7.0)
Commissions and profit-sharing received from insurers	**129.3**	**133.8**	**3.1**	**3.5**
Investment management expenses	**(56.4)**	**(70.8)**	**(46.9)**	**(42.8)**
Other administrative expenses	**(401.8)**	**(431.9)**	**(84.8)**	**(88.4)**
Total	**(2,202.2)**	**(2,254.2)**	**(232.3)**	**(244.3)**

Details of the consolidated comprehensive income statement

Amounts in €m	Amounts allocated		Adjustments from reclassification to profit or loss	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Other income items not reclassified to profit or loss	**(45.4)**	**9.4**		
Reserve deriving from changes in the shareholders' equity of the investees	(8.2)	0.9		
Revaluation reserve for intangible assets				
Revaluation reserve for property, plant and equipment				
Gains and losses on non-current assets or assets of a disposal group held for sale				
Actuarial gains and losses and adjustments relating to defined benefit plans	(5.0)	(2.2)		
Gains or losses on equity instruments at fair value through OCI	(32.1)	9.4		
Reserve deriving from variation on credit risk on financial liabilities at fair value through profit or loss				
Other items		1.3		
Other income items reclassified to profit or loss	**441.0**	**1,146.5**	**(180.8)**	**(43.9)**
Reserve for foreign currency translation differences	(1.1)	0.2		
Gains or losses on available-for-sale financial assets	417.0	1,130.7	(185.8)	(40.2)
Gains or losses on financial assets (other than equity instruments) at fair value through OCI	5.7	3.2	5.0	(3.7)
Gains or losses on cash flow hedges	4.2	9.9		
Gains or losses on hedges of a net investment in foreign operations				
Reserve deriving from changes in the shareholders' equity of the investees	15.2	2.5		
Gains and losses on non-current assets or of a disposal group held for sale				
Other items				
TOTAL OTHER COMPREHENSIVE INCOME (EXPENSE)	**395.7**	**1,155.9**	**(180.8)**	**(43.9)**

Other changes		Total changes		Income taxes		Balance	
31/12/2020	31/12/2019	**31/12/2020**	31/12/2019	**31/12/2020**	31/12/2019	**31/12/2020**	31/12/2019
		(45.4)	**9.4**	**13.2**	**(1.6)**	**(88.5)**	**(43.1)**
		(8.2)	0.9	0.6	(0.0)	3.7	11.9
		(5.0)	(2.2)	2.3	1.0	(35.7)	(30.7)
		(32.1)	9.4	10.3	(2.7)	(57.8)	(25.6)
			1.3			1.3	1.3
		260.2	**1,102.6**	**(105.1)**	**(487.0)**	**1,450.9**	**1,190.6**
		(1.1)	0.2			4.0	5.1
		231.2	1,090.5	(99.8)	(482.7)	1,402.3	1,171.1
		10.7	(0.5)	(3.4)	0.2	10.8	0.1
		4.2	9.9	(1.9)	(4.4)	16.0	11.8
		15.2	2.5			17.7	2.5
		214.9	**1,112.0**	**(92.0)**	**(488.6)**	**1,362.4**	**1,147.5**

Details of reclassified financial assets and their effects on the income statement and comprehensive income statement

Categories of financial assets subject to reclassification		Type of asset	Date of reclassifi-cation (*)	Amount of assets reclassified during the year at the reclassification date	Carrying amount at 31/12/2020 of reclassified assets		Fair value at 31/12/2020 of reclassified assets	
from	to				Assets reclassified during the year	Assets reclassified up to 31/12/2020	Assets reclassified during the year	Assets reclassified up to 31/12/2020
At FV through profit or loss	Loans and receivables	debt securities				74.0		76.5
At FV through profit or loss	Loans and receivables	other fin. instr.						
Available-for-sale	Loans and receivables	debt securities				40.9		46.7
Available-for-sale	Loans and receivables	other fin. instr.						
At FV through profit or loss	Available-for-sale	equity instruments						
At FV through profit or loss	Available-for-sale	debt securities						
At FV through profit or loss	Available-for-sale	other fin. instr.						
At FV through profit or loss	Held-to-maturity investments	debt securities						
At FV through profit or loss	Held-to-maturity investments	other fin. instr.						
Available-for-sale	Held-to-maturity investments	debt securities						
Available-for-sale	Held-to-maturity investments	other fin. instr.						
Total						**114.9**		**123.2**

(*) Applicable only to financial assets classified according to IFRS9

Amounts in €m

Assets reclassified during the year		Assets reclassified up to 31/12/2020		Assets reclassified during the year		Assets reclassified up to 31/12/2020	
Gains or losses recognised through profit or loss	Gains or losses recognised in the statement of other comprehensive income	Gains or losses recognised through profit or loss	Gains or losses recognised in the statement of other comprehensive income	Profit or loss that would have been recognised through profit or loss if there had been no reclassification	Profit or loss that would have been recognised in the statement of other comprehensive income if there had been no reclassification	Profit or loss that would have been recognised through profit or loss if there had been no reclassification	Profit or loss that would have been recognised in statement of other comprehensive income if there had been no reclassification
						0.1	
							5.5
						0.1	**5.5**

Assets and liabilities at fair value on a recurring and non-recurring basis: breakdown by fair value level

		Level 1		Level 2		Level 3		Total	
	Amounts in €m	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Assets and liabilities at fair value on a recurring basis									
Available-for-sale financial assets		48,434.2	46,713.2	463.4	338.5	2,001.9	1,568.3	50,899.5	48,620.0
Financial assets at fair value through OCI		1,601.4	689.5					1,601.4	689.5
Financial assets at fair value through profit or loss	Held for trading financial assets	160.0	111.5	69.5	157.7	27.7	14.7	257.2	283.8
	Financial assets at fair value	7,171.3	7,465.0			6.5	0.6	7,177.8	7,465.6
	Financial assets at fair value through profit or loss	15.0	85.7			0.2	0.4	15.2	86.1
Investment property									
Property, plant and equipment									
Intangible assets									
Total assets at fair value on a recurring basis		***57,381.9***	***55,064.8***	***532.8***	***496.2***	***2,036.3***	***1,584.1***	***59,951.1***	***57,145.1***
Financial liabilities at fair value through profit or loss	Held for trading financial liabilities	25.6	20.7	292.4	220.6	6.3	11.3	324.3	252.6
	Financial liabilities at fair value through profit or loss					4,055.1	2,661.8	4,055.1	2,661.8
Total liabilities measured at fair value on a recurring basis		***25.6***	***20.7***	***292.4***	***220.6***	***4,061.4***	***2,673.0***	***4,379.3***	***2,914.4***
Assets and liabilities at fair value on a non-recurring basis									
Non-current assets or assets of disposal groups held for sale									
Liabilities associated with disposal groups									

Details of changes in level 3 financial assets and liabilities at fair value on a recurring basis

			Financial assets at fair value through profit or loss						Financial liabilities at fair value	
Amounts in €	Available-for-sale financial assets	Financial assets at fair value through OCI	Held-for-trading financial assets	Financial assets at fair value	Other financial assets mandatorily at fair value	Investment property	Property, plant and equipment	Intangible assets	Held-for-trading financial liabilities	Financial liabilities at fair value through profit or
Opening balance	**1,568.3**		**14.7**	**0.6**	**0.4**				**11.3**	**2,661.8**
Acquisitions/Issues	529.6			6.1						
Sales/Repurchases	(8.2)									
Repayments	(33.6)									
Gains or losses recognised through profit or loss			(4.3)	(0.2)	(0.2)				0.5	
- of which unrealised gains/losses			*(4.3)*	*(0.2)*	*(0.2)*				*0.5*	
Gains or losses recognised in the statement of other comprehensive income	(55.1)									
Transfers to level 3										
Transfers to other levels	(1.0)									
Other changes	1.9		17.4						4.4	(1,393.3)
Closing balance	**2,001.9**		**27.7**	**6.5**	**0.2**				**6.3**	**4,055.1**

Assets and liabilities not measured at fair value: breakdown by fair value level

	Carrying amount		Fair value							
			Level 1		Level 2		Level 3		Total	
Amounts in €m	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Assets										
Held-to-maturity investments	420.8	454.6	584.1	543.2	6.9	37.9	2.2	2.2	593.2	583.2
Loans and receivables	4,519.3	4,006.6			3,659.6	2,854.5	1,344.5	1,330.0	5,004.1	4,184.4
Financial assets at amortised cost	422.7	516.1					422.7	516.1	422.7	516.1
Investments in subsidiaries, associates and interests in joint ventures	1,153.7	1,003.4	660.6	649.7			64.6	93.3	725.2	743.1
Investment property	2,176.0	1,991.1					2,349.6	2,167.8	2,349.6	2,167.8
Property, plant and equipment	2,365.7	2,484.2					2,508.6	2,624.5	2,508.6	2,624.5
Total assets	**11,058.3**	**10,456.0**	**1,244.7**	**1,192.9**	**3,666.5**	**2,892.4**	**6,692.2**	**6,733.8**	**11,603.4**	**10,819.1**
Liabilities										
Financial liabilities at amortised cost	5,350.8	4,857.7	4,904.2	3,915.9			757.9	1,365.3	5,662.1	5,281.2

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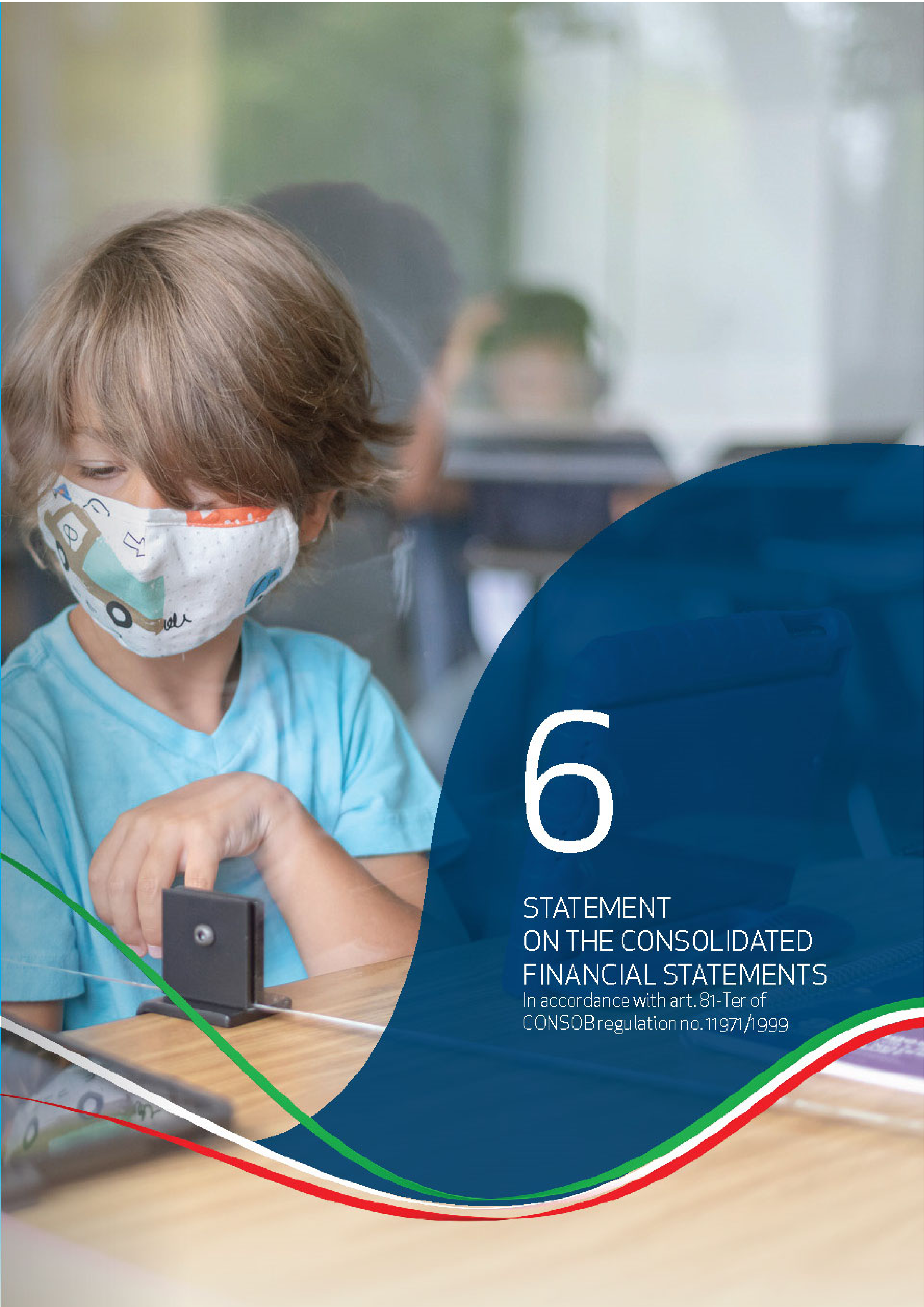
SUMMARY OF FEES FOR THE YEAR FOR SERVICES PROVIDED BY THE INDEPENDENT AUDITORS

Summary of fees for the year for services provided by the Independent Auditors (Art. 149-duodecies of Issuer's Regulation)

Amounts in €k

Type of services	Provider of the service	Recipient	Fees (*)
Legally-required audit	PricewaterhouseCoopers Spa	Unipol Spa	149
Attestation services	PricewaterhouseCoopers Spa	Unipol Spa	5
Other professional services	PricewaterhouseCoopers Spa	Unipol Spa	168
Total Unipol Gruppo Finanziario			**322**
Legally-required audit	PricewaterhouseCoopers Spa	Subsidiaries	3,011
Legally-required audit	PricewaterhouseCoopers Dublino	Subsidiaries	160
Legally-required audit	PricewaterhouseCoopers Doo	Subsidiaries	77
Attestation services	PricewaterhouseCoopers Spa	Subsidiaries	539
Other professional services	PricewaterhouseCoopers Spa	Subsidiaries	498
Other professional services	PricewaterhouseCoopers Dublino	Subsidiaries	30
Other professional services	PricewaterhouseCoopers Actuarial Services Srl	Subsidiaries	273
Other professional services	TLS Associazione Professionale di Avvocati e Commercialisti	Subsidiaries	15
Total subsidiaries			**4,602**
Grand total			**4,924**

(*) the fees do not include any non-deductible VAT or charged back expenses



6

STATEMENT ON THE CONSOLIDATED FINANCIAL STATEMENTS

In accordance with art. 81-Ter of CONSOB regulation no. 11971/1999

Statement on the Consolidated Financial Statements

STATEMENT ON THE INTEGRATED CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH ART. 81-ter, CONSOB REGULATION No. 11971 OF 14 MAY 1999 AND SUBSEQUENT AMENDMENTS AND ADDITIONS

1. The undersigned, Carlo Cimbri, as Chief Executive Officer, and Maurizio Castellina, as Manager in charge of financial reporting of Unipol Gruppo S.p.A., hereby certify, also taking into account the provisions of Art. 154-bis, paragraphs 3 and 4 of Legislative Decree 58 of 24 February 1998:
   - the adequacy in relation to the characteristics of the company and
   - the effective application

   of the administrative and accounting procedures for the preparation of the **integrated consolidated financial statements** for the period 1 January 2020-31 December 2020.
2. The assessment of the adequacy of the administrative and accounting procedures for preparing the integrated consolidated financial statements at 31 December 2020 is based on a process defined by Unipol Gruppo S.p.A., inspired by the COSO Framework (Internal Control - Integrated Framework, issued by the Committee of Sponsoring Organisations of the Treadway Commission), internationally recognised as the reference standards for the implementation and evaluation of internal control systems.
3. It is also certified that:

   3.1. the integrated consolidated financial statements at 31 December 2020:

   - were prepared in compliance with the International Accounting Standards recognised in the European Community in accordance with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002, Legislative Decree 38/2005, Legislative Decree 209/2005 and applicable IVASS measures, regulations and circulars;
   - correspond to the book results and accounting records;
   - are suitable to provide a true and fair view of the equity, economic and financial situation of the issuer and of the consolidated companies;

   3.2. the management report includes a reliable analysis of the performance and of the operating result, and of the situation of the issuer and of the consolidated companies, together with a description of the main risks and uncertainties to which they are exposed.

Bologna, 18 March 2021

The Manager in charge of financial reporting	The Chief Executive Officer
Maurizio Castellina	*Carlo Cimbri*

(signed on the original)

Unipol Gruppo S.p.A.

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Capogruppo del Gruppo Assicurativo Unipol iscritto all'Albo delle società capogruppo al n. 046

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Unipol Gruppo S.p.A.

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Share capital
€3,365,292,408.03 fully paid-up
Bologna Register of Companies
Tax No. 00284160371
VAT No. 03740811207
R.E.A. No.160304

Parent company of the Unipol Insurance Group
entered in the Register of the parent companies
at No. 046

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