

Unipol Gruppo Finanziario 2008 Social Report

Summary

The full version can be viewed and downloaded at www.unipolgf.it



OUR VALUES

ACCESSIBILITY
LOOKING AHEAD
RESPECT
SOLIDARITY
RESPONSIBILITY

Values, commitment, responsibility for the future of the Group in a fairer society



The extraordinary financial and economic (and, of course, social) crisis that the whole world is experiencing and which was at its worst at the end of last Summer is a truly epochal event in the sense that however you look at it, it signals the decline, if not actually the end, of a growth model founded on the uncontrolled expansion of debt, the squandering of energy and natural resources and an increase in social inequalities between different areas of the world and, above all, within individual countries. Italy is no exception. Indeed it is worse than that. If this is so, then one can say that what we are experiencing is a real crisis of values – ethical values, moral values, responsibility. And, therefore, we can extricate ourselves from the crisis only if we start investing in values and CSR once again, if we set up a specific target at the centre of the economy once again: the creation of greater social wellbeing for individuals and communities.

In a situation such as this, which is so difficult and complex, for us at Unipol and for our UGF Group to talk about values and CSR is anything but wanting to shun harsh reality, including the reality of the figures. On the contrary, it means affirming our identity and carrying out our mission: developing economic and entrepreneurial activity as a tool for responding to the requirements of individuals, families and companies for security and safety. These requirements are more essential than ever in a crisis such as the one we are currently facing.

Therefore dedicating 2008 to the demanding task of involving employees, and agents too, in working together on drawing up the Group's Charter of Values did not mean spending time on other things and definitely not wasting time. On the contrary, it was a good investment precisely because today we have individuals who are better informed of their role and their responsibilities within the company and especially to customers, who expect a high level of attention and commitment from us since they have placed and confirmed their trust in us. In view of what happened to those who placed their trust in Lehman Brothers we must not let a day go by without demonstrating that we deserve our customers' trust.

With the Charter of Values and the Code of Ethics that came out of this process and with the systems of checks and balances on the work of the Directors and all those who work in and for our Group being strengthened and formalised, we have a very important set of values and rules at our disposal. These will not only prevent types of behaviour that are inconsistent with them and may require disciplinary measures to be taken but in particular will promote an ethos and attitudes that are positive, virtuous and responsible. Such attitudes are essential for the pursuit of targets of solid business growth that is sustainable in the long run and can combine profits, social commitment and protection of the environment. This ethos is the only way of guaranteeing a future for the business and all those who, from shareholders to employees, from customers to agents, from suppliers to the community, have a strong relationship with it and strong interests in it.

The 2008 crisis affected our Group too and led to a fall in results, though they remained positive. Against this background our profound conviction gave rise to the decision to place the emphasis on strengthening the asset base and financial equilibrium rather than on shareholders' (wholly legitimate) expectations. A decision which looks to the future and the aim of which is to safeguard the business and, along with it, all those who work in it and for it.

The Social Report that we are presenting in these pages is also a summary – albeit broad and full of information and documents – of a year of intense activity and demonstrates that the UGF Group has been capable of producing economic and social value for many individuals and for our country. Our aim is to do better and to make our work stand out even more, but always with a specific target in mind: that of being useful and helping to bring about greater wellbeing in a fairer society.

Profile and vision of the Group

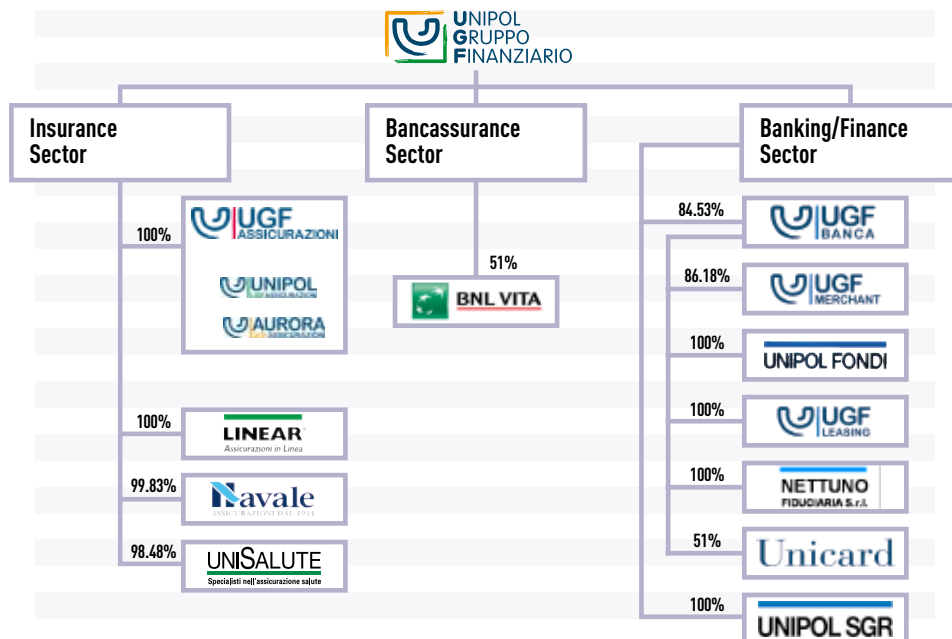
UGF's 2008 Social Report, the second since the Group was founded (whereas the original Company and the Unipol Group have been producing a Social Report since 1993), reports on activities carried out during a complex year in which a lot of strategic decisions and choices were made.

The extraordinary economic and financial crisis of 2008 did not prevent the Group continuing to take its Corporate responsibility seriously and make it an integral part of all business decisions. It starts with a definition of identity, governance and management of all activities. To be specific, in 2008:

- the process of company reorganisation was completed. After the initial phase that saw the birth of the holding company UGF the second phase was completed with the merger of Aurora Assicurazioni into Unipol Assicurazioni and the consequent creation of a single composite company, **UGF Assicurazioni SpA**, the third largest in the sector in Italy. The new company will continue to benefit from the commercial strength of the current 'Unipol' and 'Aurora' brands and their sales networks;
- this process also led to the renaming of the companies in the Group, today identified by the acronym UGF (UGF Assicurazioni, UGF Banca, UGF Merchant, UGF Leasing).

This new Group identity emphasises the link between its deep roots and the wealth of the contributions made to it, making it one of the leading players in the Italian insurance, banking and financial market.

STRUCTURE OF THE UGF GROUP AS AT 23.02.2009

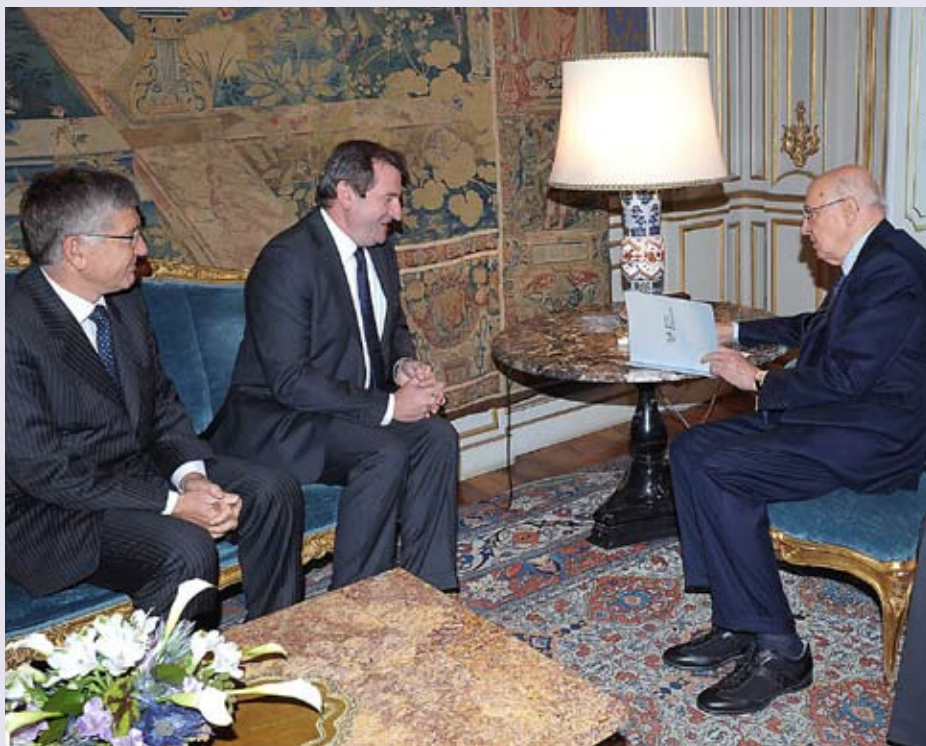


MEETING WITH THE PRESIDENT OF THE REPUBLIC

On 16 June 2008 the Chairman and the CEO of Unipol Gruppo Finanziario, Pierluigi Stefanini and Carlo Salvatori, were received at the Quirinale by the President of the Republic, Giorgio Napolitano.

The Group was celebrating its forty-fifth anniversary last year and Stefanini and Salvatori told the Head of State of the recent changes in its corporate structure, its new system of governance and its strategies for integrating and expanding its insurance, banking and financial activities.

President Napolitano was also told about the initiatives carried out by the revived Unipolis Foundation in the fields of culture, research, safety and social cohesion.



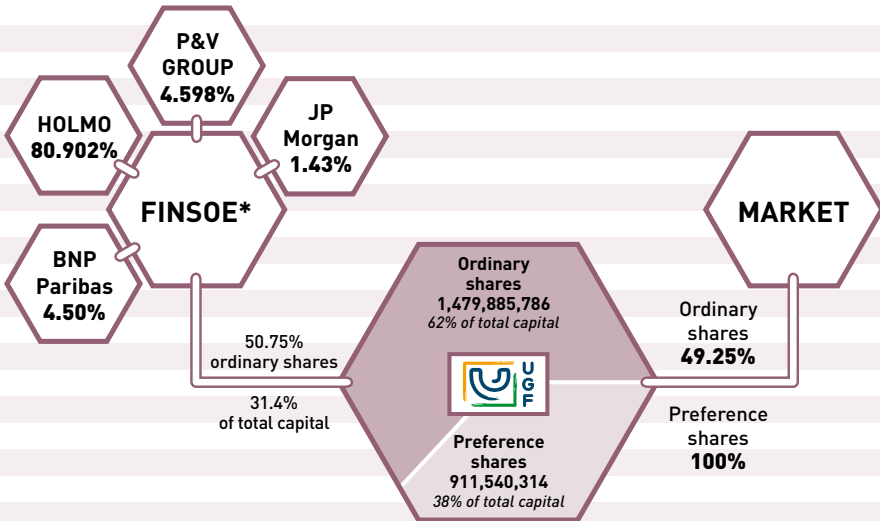
Shareholder structure and the UGF Group

Unipol Gruppo Finanziario's largest shareholder is Finsoe S.p.A. (its holding company), which on 31 March 2009 held 50.75% of the ordinary share capital.

In turn Finsoe is controlled by Holmo S.p.A., a holding company largely owned by cooperatives belonging to Legacoop, which holds 80.9% of its capital.

However, 49.25% of Unipol Gruppo Finanziario's ordinary share capital and all the preference shares are traded on the Italian stock market.

SHAREHOLDER STRUCTURE



*own shares 8.572%

The Consolidated Accounts

- The effects of the extraordinary and unpredictable economic and financial climate that was a feature of 2008 affected the Group, which nevertheless continued to record growth in insurance and banking business together with substantial capital adequacy and financial equilibrium. Direct insurance income amounted to €7,876m (+0.3% compared with 2007) whilst UGF's total income was €7,904m. Customer deposits in banking business totalled €8,728m. UGF ended 2008 with a consolidated profit of €107m and was still on a firm financial footing at the end of the year (with capital of more than 1.3 times the minimum legal requirements). Group net profit was €93m.
- UGF SpA's unconsolidated accounts closed at -€2.9m, hence the decision of the Shareholders' Meeting not to distribute dividends to shareholders. The Group's senior executives will receive no bonuses either.
- The Group confirmed its leading position in the occupational pension funds sector: 26 mandates under management with general income up 110% and income from 'traditional policies' up 54%. There was no let-up in the commitment to invest in socially responsible (ethical) funds. The UGF Group has no 'toxic' securities in its portfolio.

GROUP HIGHLIGHTS

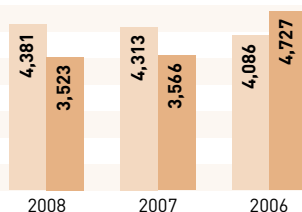
	2008
Insurance business – direct income	7,876
Banking business – direct customer deposits	8,728
Net premiums	7,591
Net fees and commissions	67
Net income on investments	423
Net charges relating to claims	6,786
Net operating expenses	1,290
Profit before taxation	134
Consolidated profit	107
Net profit – Group	93
Investments and liquid assets	36,285
Technical provisions and financial liabilities	36,193
Shareholders' equity pertaining to the Group	3,433

Amounts in €m

Source: Consolidated Accounts 2008

INSURANCE INCOME

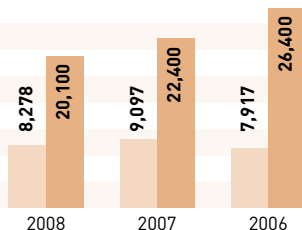
Non-Life Life



Amounts in €m
Source: Consolidated Accounts 2008

BANKING INCOME

Direct income Inward reinsurance



Amounts in €m
Source: Consolidated Accounts 2008

Customers and range of products

The attention paid to our own (more than 6.5 million) customers has always been one of the things that sets UGF apart.

Group products are designed and marketed with a view to integration between the insurance and banking sectors: single, simple, transparent products guaranteeing quality and security on favourable terms; a single innovative marketing model offering a whole range of services and advice to meet customers' varying requirements. 2008 was particularly significant in terms of the synergy between banking and insurance, the attention paid to the requirements of the market and of customers and the research carried out into specific social requirements.

This is our response to the numerous requirements of individuals, families and companies who place their trust in the Group,

UGF PROTECTS ITS POLICYHOLDERS FROM THE LEHMAN BROTHERS CRASH

The collapse of Lehman Brothers, the fourth largest merchant bank in the US, had a devastating effect both on savers and on companies in the global financial markets, and hence also on the Italian market. In September 2008 instability and mistrust rocketed and this affected other major American and European lenders also suffering from the crisis. In this extraordinarily difficult situation Unipol Gruppo Finanziario took an equally extraordinary decision to intervene to protect its own customers who had taken out index-linked policies (seven issued by Unipol Assicurazioni and three by Aurora Assicurazioni) based on Lehman securities despite the fact that under the terms of the policies the risk of the investment was borne by the policyholder. So this was not an obligation but a free and transparent decision made promptly and before any other financial operator and had the primary aim of not abandoning 8,500 customers, almost all of them small savers and individuals. All of them have been offered repayment of their original capital (net of amounts already paid out for whatever reason) when each and every policy matures (between June 2011 and July

2014). Nobody will lose their savings whatever happens to Lehman Brothers: UGF is taking over the financial burden arising out of the bankruptcy.

In this way the Group is reaffirming its commitment to operate in the interest of its customers and of savers, in line with its deep social roots.

Above all, being socially responsible means acting in a balanced way and looking ahead, by all means with the intention of running a successful business but without putting profit before the requirements of individuals, especially of those who are not in a strong financial position.

Therefore in the near future UGF also intends to develop Life products providing a greater insurance element in order to cover Life risks, in particular that of long-term care. UGF will concentrate on traditional insurance products, carefully investing mainly in government and other bonds, with direct guarantees not only that the capital invested will be repaid but also that there will be a minimum annual return provided by the Company direct.

Range

Attention is focused on customers by offering a broad and diversified range of products that meet their numerous wishes and requirements. The increasing integration of insurance and banking products is unique and distinctive on the Italian market and has allowed us to develop a new range of products that are more transparent and efficient and more responsive to the increasing need of both individuals and businesses for security.

In fact, in line with Group strategies and depending on its special features and/or specialisations, each of the companies belonging to UGF operates through a specific sales channel and has its own range of products.

In addition to the broad range of existing products for customers' varying requirements new products and services include:

- **Non-Life** products: the new **SaluteMia** health scheme covering examinations and check-ups (three per year), one of the most important being for the prevention of women's diseases, which is now

DRIVE SAFELY WITH THE 'BLACK BOX'

Evidence for Unipol Gruppo Finanziario's interest in innovation and in offering customers personal service is provided by the 'black box' (Unibox in the case of Unipol and Navale Assicurazioni, Aurobox for Aurora and Linear-sat for Linear Assicurazioni), a device with GPS and GSM/GPRS satellite technology offering advantages as add-ons to MV TPL benefits. By December 2008, i.e. less than four years after the project was launched, more than 490,000 Group policyholders had chosen to have this device fitted on their vehicles. Two of the main advantages, apart from lower tariffs, are that in the event of an accident an automatic request for assistance is sent to the call centre and if the vehicle is stolen it is located to enable it to be recovered. In addition, given that the system takes account of the period of use and of the mileage, customers could also take advantage of 'PAYD' or 'Pay as you Drive' policies (that is the cost of the policy depends on how, where and how much the car is driven). This is another example of how the Group uses new technology to meet customers' new requirements. Then, especially for younger customers, there is

'Young Unibox', the first MV policy in Italy to abolish the premium surcharge for young people under 30 who fit the satellite device on their vehicles (50,000 policies taken out in eighteen months).

A significant number – nine hundred – of the young people who have made this decision are being rewarded by being selected by Unipol agencies throughout Italy to take an advanced 'safe driving' course run by Andrea de Adamich at the Varano de' Melegari circuit near Parma. So far some three hundred young people have taken the courses, which started in 2008 and will continue throughout 2009 and 2010. Still on the subject of safety, the Unipolis Foundation is involved with Sicurstrada (the organisation set up by Unipol in 1997), whilst all the companies in the Group that operate in MV Non-Life business have signed the 'Agreement for young people covering road safety and MV TPL insurance', which is promoted by ANIA, the traffic police and many consumers' associations. The aim of both initiatives is to raise the profile of road safety by promoting related actions and projects.

The sales network

UGF's sales network forms the framework around which we implement our sales strategy. Expansion, which is aimed at making the Group a leading operator in several sectors such as insurance, banking and finance, has enabled us to make use of several sales channels, thus providing us with a strong presence throughout the whole country and the whole market.

In fact, UGF has a network of consultants and employees who are motivated, have professional expertise and identify strongly with the Group. The changes at the beginning of 2009, the merger of Unipol and Aurora and the start of the Holding Company's role as a provider of services to each of the companies in the Group will further consolidate our leading position in a market that is becoming more diversified and complex while continuing to keep the focus on the customer at all times.

The insurance network

The Agencies continue to be the Group's principal sales channel, not only in terms of turnover but also and especially in terms of quality of service. The network of 2,202 agencies and the secondary network of 4,451 subagencies ensure that the whole country is covered and brought in total Non-Life and Life premium income of more than 35.6bn in 2008.

SALES NETWORK AND COVERAGE

	Insurance agencies		Insurance subagencies		Banking and finance outlets
Insurance	2008	2007	2008	2007	2008
Unipol	598**	595	1,358	1,544	
Aurora	1,084	1,108	2,201	1,526	402 (BPI banking outlets formerly Reti Bancarie)
Navale Assicurazioni	520	302	892	401	356 Crédit Suisse financial advisers
Linear Assicurazioni			Operates direct through telephone and Internet		
UniSalute*	112*	91			
Bank and bancassurance					
Unipol Banca					299 banking outlets 28 finance shops
BNL Vita					706 (BNP-Paribas outlets)

* in order to sell individual products Unisalute makes use of 105 Unipol agencies and 5 Aurora agencies; it also uses Internet and telemarketing channels. Products are also supplied through Unipol Banca outlets and a further 5 credit institutions

** the figure includes 113 company agencies, 9 Parent Company and broker agencies and 476 private agencies

Claims handling

As a result of the latest reorganisation, almost all the Group's claims handling is dealt with by UGF Assicurazioni's Claims-Handling Department. The Department is spread over 62 regional offices and has 1,419 employees.

The main organisational change made in 2008 was to allocate the offices throughout Italy to two claims-handling areas, one dealing with relationships with the customers of the companies in the Group and the other with relationships with third parties.

This decision was taken in view of the introduction in February 2007 of the direct indemnity scheme for MV TPL claims, which has led to a considerable increase in the number of settlements that are paid direct to our own customers.

The service

Claims are dealt with by means of a computerised system which enables files to be consulted direct by video, thus reducing to a minimum the need to move bits of paper (the paperless office).

Most claims are reported via one of two channels:

- a call centre for receiving claims by telephone known as Sertel;
- agencies opening claims direct using a web-based software package, which among other things enables them to keep their customers informed of how their claim is progressing.

In 2008 more than 75% of claims were dealt with under the direct indemnity scheme. The figures from the almost two years this system has been in operation indicate that this service is popular with policyholders. To be specific, a survey carried out in collaboration with Gfk-Eurisko came up with very positive results, the satisfaction rating being high for 8 out of 10 UGF Group customers.

Number of claims paid

- During 2008 the Group claims-handling system dealt with a total of 1,715,995 claims, 1,203,123 reported during the current year and 512,872 relating to previous years. More than a million claims were settled during the year, 9% more than in 2007. This is a considerable rise and proof of increased efficiency.
- The overall rate of settlement was 68.0%, almost the same as in the previous year (+0.1%). The rate of settlement for claims dealt with at Group level for 2008 alone was 69.6%, a slight drop (0.8%) compared with 2007, essentially as a result of the considerable increase in claims reported (+12.6%) owing to the exceptional amount of damaged caused by the weather.

Staff

As at 31 December 2008 the companies in the Group had 6,941 employees, 4,653 in the insurance sector and 2,288 in banking, an increase of 6% compared with 2007.

UGF is committed to ensuring that employees' working conditions are safe but also stimulating, likely to promote a sense of belonging and commitment based on values that are not only shared in theory but also put into practice.

To be specific, in 2008:

- Group training courses covered 26,195 man/days or 193,846 hours. On average each Group employee received approximately 29 hours of training. The first session of the Master Executive in Business Administration was run and the Group's e-learning package was launched;
- as regards industrial relations, the contents of the Framework Agreement, which governed the contractual terms of the hive-off and merger between UGF, Unipol and Aurora, were confirmed;
- mobility within the Group was 55.37% up on 2007;
- in addition to developing 'Mosaico', the Group intranet, the department dealing with internal communications contributed to the work of improving internal communication.

UGF GROUP EMPLOYEES

	Total 2008*	Permanent				Fixed-term					
		Total	Men	% share	Women	% share	Total	Men	% share	Women	% share
UGF	2,603	2,601	1,175	45.2%	1,426	54.8%	2	0	0.0%	2	100.0%
Unipol	394	394	181	45.9%	213	54.1%	0	0	0.0%	0	0.0%
Aurora	688	688	374	54.4%	314	45.6%	0	0	0.0%	0	0.0%
Linear	377	356	90	25.3%	266	74.7%	21	6	28.6%	15	71.4%
UniSalute	365	341	88	25.8%	253	74.2%	24	3	12.5%	21	87.5%
Navale+Navale Vita	136	131	72	55.0%	59	45.0%	5	2	40.0%	3	60.0%
BNL Vita	86	86	44	51.2%	42	48.8%	0	0	0.0%	0	0.0%
SGR	4	2	2	100.0%	0	0.0%	2	0	0.0%	2	100.0%
TOTAL INSURANCE GROUP	4,653	4,599	2,026	44.1%	2,573	55.9%	54	11	20.4%	43	79.6%
Unipol Banca	2,215	2,153	1,335	62.0%	818	38.0%	62	35	56.5%	27	43.5%
NETTUNO FIDUCIARIA	1	1	1	100.0%	0	0.0%	0	0	0.0%	0	0.0%
Unipol Merchant	50	50	32	64.0%	18	36.0%	0	0	0.0%	0	0.0%
Unicard**	10	10	7	70.0%	3	30.0%	0	0	0.0%	0	0.0%
Cooperleasing	12	12	6	50.0%	6	50.0%	0	0	0.0%	0	0.0%
TOTAL BANKING GROUP	2,288	2,226	1,381	62.0%	845	38.0%	62	35	56.5%	27	43.5%
TOTAL GROUP	6,941	6,825	3,407	49.9%	3,418	50.1%	116	46	39.7%	70	60.3%

* The figures for individual companies are shown as at 31/12/2008. Following the reorganisation and establishment of UGF Assicurazioni the number of employees was subject to change both with regard to the holding company and the Company.

** It should be pointed out that the Unicard company only began operations from July 2008.

Environment

In 2007 the UGF Group introduced a common strategy for all its companies, which included projects and actions relating to the business areas with direct links to the theme of environmental sustainability: energy consumption, purchase of consumables and travel. Monitoring measures to reduce the impact on the environment and to reduce costs is entrusted to the Property, Auxiliary Activities and Purchases sections of the Administration Department, which was centralised in 2007, in order to guarantee greater transparency and efficiency in relations with suppliers and to ensure that relationships are based on partnership, thus making it possible to develop joint solutions to the problem of damage to the environment.

To be specific, in 2008:

- Head Office issued a circular to raise employees' awareness of the subject of the environment in order to obtain improvements in what individuals do on a daily basis;
- work continued on setting up and promoting initiatives to rationalise energy consumption and to reduce harmful emissions. Energy audits carried out at the main offices (S. Donato, Costituzione, Stalingrado, Calzoni, Esquilino 5 and Esquilino 12) compared energy consumption and costs at the various sites, broke them down according to type of use – lighting, air-conditioning or ventilation – and ascertained the current situation and what can be done to make greater energy savings;
- the project to differentiate the collection and disposal of waste was broadened by installing collection points in the various offices;

ENERGY AND WATER CONSUMPTION IN 2008 FOR EACH MAIN OFFICE IN THE GROUP

	Unit of measure	S. Donato (MI)	Costituzione (BO)	Stalingrado (BO)	Calzoni (BO)	Esquilino 5 (Roma)	Esquilino 12 (Roma)	Average	Total
Electricity	kWh/year	6,787,375	3,685,950	4,615,099	314,743	623,134	765,743	3,205,260	16,792,044
Thermal energy	kWh/year	3,790	1,609	3,141	256	NP	NP	2,199	8,796
Refrigeration energy	kWh/year	3,196	1,048	1,796	134	NP	NP	1,544	6,174
Drinking water	M3/year	7,530	8,460	16,231	9,589	9,529	15,974	10,268	67,313

Source: Administration, Management Control, Purchases, Property

The community

Attention and commitment to the community has been a feature of the UGF Group's Social Responsibility policies ever since Unipol was founded but it has been further developed and strengthened over the last few years as part of the general process of reorganisation.

On the one hand there is the work that is of direct relevance to insurance, banking and financial business and on the other hand there are the initiatives that have a distinct social and community value.

Albeit different in form and purpose, both help to define the Group's strong corporate profile. UGF has adopted the reporting model drawn up by the London Benchmarking Group (LBG), which enables initiatives to be evaluated on the basis of the costs actually incurred and actual returns for the stakeholders concerned and makes it possible to account for all contributions made.

Projects supported by the UGF Group

The Group and its companies also continued to support institutions and organisations that promote initiatives and projects of particular social and cultural importance in 2008. More than €60.4m was allocated to social, cultural and community activities, including the Fund for the Victims of Road Traffic Accidents.

SUPPORT FOR 'LIBERA'

The partnership with **Libera – Associations, numbers and names against the Mafia** was further consolidated during 2008, in particular with the cooperatives that deal with property confiscated from organised crime in southern Italy. There was considerable development in three aspects of this partnership: contributions made under the 'one Euro per policy' scheme, soft loans granted by Unipol Banca and support for the work of Libera from the Unipolis Foundation. The 'one Euro per policy' scheme consists in allocating this amount for each insurance policy taken out through the organisations historically associated with Unipol (CGIL, CISL, UIL, Confesercenti, CIA, CNA and Legacoop), plus Arci and Sunia. Thus on 14 March 2008, the eve of the annual demonstration to commemorate the victims of the Mafia, the 145K collected during the previous year was handed over to Libera in Bari. This sum went to support the Apulia Libera Terra (Free Land) cooperative, which produces oil and wine. Even more was contributed during 2008, bringing the total to 157K, and was handed over in Naples on 20 March 2009 as part of the Day of Remembrance ceremony. A total of more than 432K has been handed over to the Libera cooperatives in the last three years. The scheme is continuing during 2009, not only with group insurance policies but also whenever a current account is opened with UGF Banca. And the Group's bank is also providing more support for the business initiatives undertaken by the Libera cooperatives. In fact, it provided a loan of 700K, on particularly favourable terms, to finance the project to **reopen Calcestruzzi Ericina** in Trapani, a business that was confiscated from organised crime many years ago. Unipolis then helped to set up the 'Libera Informazione' (free information) Foundation, which uses various media including the printed word, the Internet, radio and TV to raise awareness of and distribute information on the Mafia and the fight against organised crime.

The Unipolis Foundation

The Unipolis Foundation is part of Unipol Gruppo Finanziario and carries out projects, both independently and in partnership, on various themes that are in line with the Group's objectives, such as health and safety (road safety, health & safety at work and in general), culture and research and supports particularly worthy community initiatives.

In fact, 2008 was the first year of operation of the revived Foundation (which after several years had taken over from the Cesar Foundation).

As regards culture and research, Unipolis promoted a series of very topical publications of great social and economic interest and a meeting about the lack of generation replacement entitled 'No country for young people'. In addition, as well as conducting two in-house research projects on training and governance, in particular on the companies' Codes of Ethics, it set up a specialist course in collaboration with the Alma Mater Foundation and supported the research project entitled 'Analysis of the financial and insurance requirements of immigrants in Italy' conducted by the CESPI (Centro Studi di Politica Internazionale - Centre for International Policy Studies).

ETHICAL FUNDS

Unipol Etico is one of the ten sectors of Unipol Funds and mainly invests in a diversified portfolio of international shares and bonds. Assets under management amount to some €2.7m.

The sector invests exclusively in financial instruments issued by bodies that are deemed by the ethical adviser (Axia) to be 'socially responsible'. The purpose is to use specific indicators to ascertain how much businesses do to improve relations with their various stakeholders by assessing their policies relating to employees, the environment, relations with customers and suppliers, systems of corporate governance, social reports, reporting transparency and product efficacy.

The open-end pension fund *Unipol Insieme* consists of five sectors, one of which is for ethical investments. The aim of this sector is to produce a balance between social and economic objectives, the focus being on securities issued by countries and companies that are deemed to operate in a 'socially responsible' way.

www.unipolgf.it

