NON-FINANCIAL CONSOLIDATED STATEMENT 2019

REALE GROUP
TOGETHERMORE

EXECUTIVE SUMMARY

In this third release of the consolidated Disclosure, a non-financial statement (hereinafter also "Non financial Information Disclosure" or "Report", Reale Group (hereinafter also for brevity, "the Group"), intends to comply with the provisions of Italian Legislative Decree 254/16, issued transposing "implementation of Directive 2014/95/EU of the European Parliament and the Council, dated 22 October 2014, on amendment to Directive 2013/34/EU regarding the disclosure of non-financial and diversity information by a number of undertakings and large groups" (hereinafter, for brevity, also "the Decree"), presenting the "Non-financial consolidated Disclosure", as a "separate report" .

As such, it provides information regarding the company management and organisational model, the policies implemented and the main risks generated or suffered in relation to those topics. The document also serves to harmonise publication of non-financial information, making it more easily accessible to investors and consumers.

Indeed, the document gathers this type of information for all Companies in the Group, in Italy, Spain and Chile, describing their values and principles and the organisational model and sustainability strategy shared on a global level and implemented based on specific local circumstances.

This report was prepared using a process that is well-established across the Reale Group thanks to the experience gained in the years prior to mandatory reporting. It includes consulting a significant number of internal and external stakeholders, directly or indirectly involved in the business, to identify the most significant material topics.

This was made possible by a detailed materiality analysis, performed both via benchmarking and with direct participation by Directors, Auditors, Top Management, Employees, Members, Customers, Intermediaries and representative from the communities where Reale Group operates.

The Reale Group analysis of material topics was performed in accordance with the Decree, with details of quantitative and qualitative indicator and associated risks generated or suffered in relation to each topic.

It is also highlighted that these topics are consistent with the Group Strategic Plan 2020-2022, which emphasises mutuality, independence and sustainability as guiding principles for doing business. Adherence to these principles is made possible by people, technology and capital to look to the future, investments in digital transformation, internationalisation and the centrality of the Member, the Customer, and the Insured.

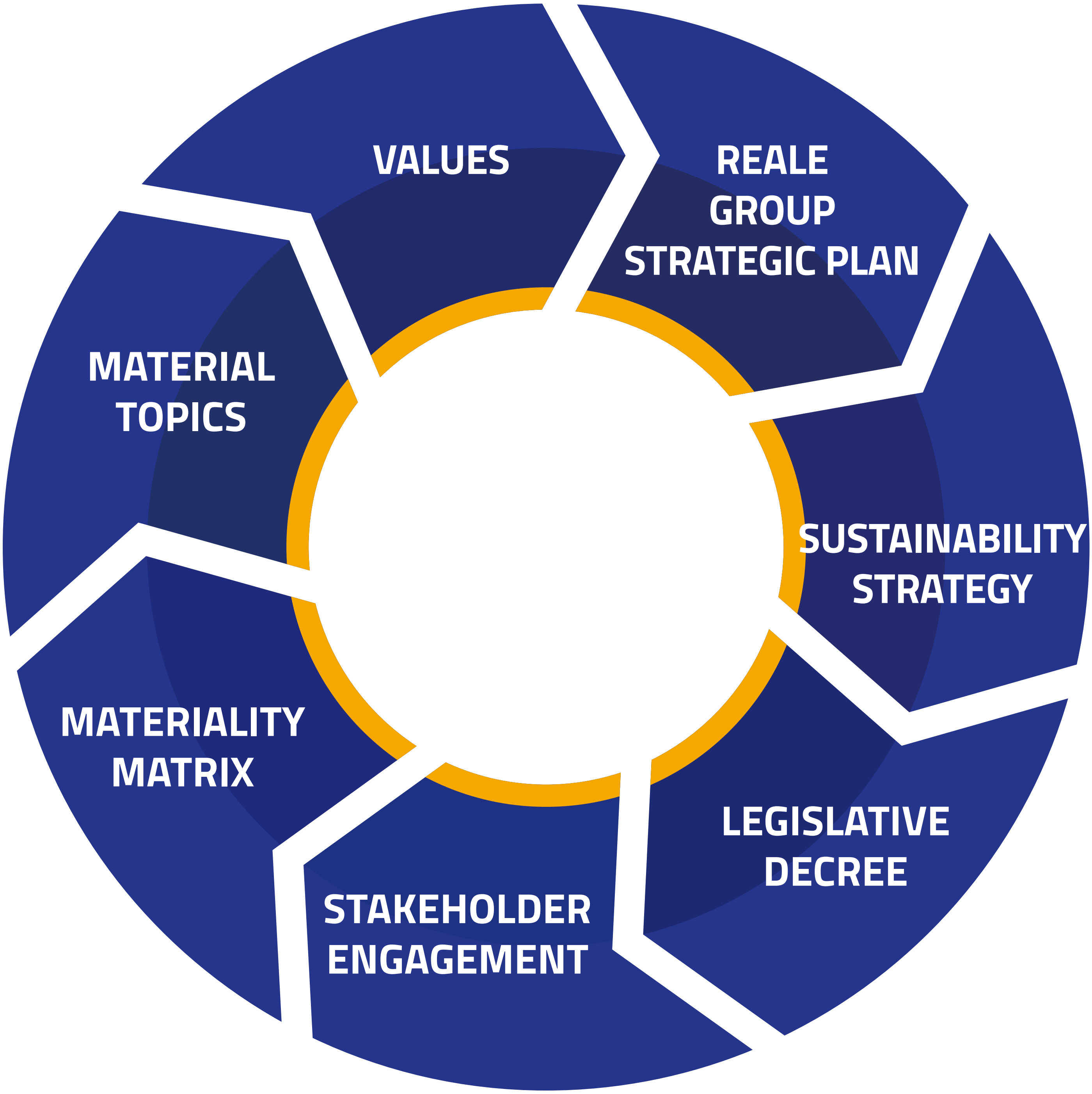

VALUES
REALE GROUP STRATEGIC PLAN
SUSTAINABILITY STRATEGY
LEGISLATIVE DECREE
STAKEHOLDER ENGAGEMENT
MATERIALITY MATRIX
MATERIAL TOPICS

Table of contents

REALE GROUP
TOGETHER MORE

Letter to Stakeholders

Reale Group works to develop and disseminate inclusive, innovative and sustainable business models that can have positive, measurable and purposeful impacts.

Mutuality and sustainability are the common thread running through all our activities. We are an independent Group that operates according to a model based on people-centricity and innovation. As such, we work to combine hi-tech solutions with the human touch, to involve all our stakeholders and ensure that our values are shared and disseminated.

We firmly believe in the power of partnerships and teamwork, and consider them fundamental to tackling current and future challenges. These elements make it possible to respond to the needs of the areas where we operate, to foster virtuous systems that can help build communities' resilience to risk and a more inclusive welfare system, and minimise the environmental impact of our activities.

Indeed, we recognise our responsibility to feed some value back to the communities that enable us to generate it, to ensure shared growth and to look after the future.

Luca Filippone

General Manager of Reale Mutua

1. BOARD OF DIRECTORS

Chairman

Luigi LANA

Directors

Maurizio BAUDI DI SELVE
Mario CARRARA
Giovanni FACCHINETTI PULAZZINI
Romano GIANOTTI
Edoardo GREPPI
Luigi GUIDOBONO CAVALCHINI
Enrico MARENCO DI MORIONDO
Iti MIHALICH
Carlo PAVESIO
Gian Savino PENE VIDARI
Vittorio Amedeo VIORA
Marco WEIGMANN

Secretary of the Board

Massimo LUVIE'

BOARD OF AUDITORS

Chairman

Edoardo ASCHIERI

Statutory auditors

Mario BERALDI
Marco LEVIS

Deputy auditors

Giuseppe ALDE'
Barbara Maria BARRECA

GENERAL MANAGEMENT

General Manager

Luca FILIPPONE

Joint General Manager

Massimo LUVIE'

Vice General Manager

Andrea BERTALOT

2. REALE GROUP: IDENTITY AND VALUES

2.1 IDENTITY AND GROUP COMPANIES

The Società Reale Mutua di Assicurazioni Company, today the largest Italian insurance Company, incorporated as a mutual society, was founded in Turin in 1828 as the "Società Reale di Assicurazioni Generale e Mutua contro gli Incendi" [Royal General Insurance and Mutual Society against Fire Risks].

It is also the Parent Company of Reale Group, which operates in Italy, Spain and Chile in the insurance, banking, real estate and services sectors.

A summary account of the business purposes and the activities, products and services of the Group member companies included in the perimeter is given below.

- **Reale Mutua**, parent company with headquarters in Turin, via Corte d'Appello no. 11, is present throughout Italy and offers its services to the community (individuals, families and businesses) through a network of agencies and claim handling centres. Its business purpose involves the provision of mutual services in all life and non-life insurance and re- insurance branches.
- **Italiana Assicurazioni**, whose business purpose is the provision of insurance and reinsurance in the life and non-life branches;
- **Reale Seguros Generales**, is a Group company that plays a key role in Spain since 1988. It is one of the most solvent companies in the Spanish insurance market and a point of reference for over 1.5 million clients, who place their trust in the company's range of insurance and financial products and services. The Company works with a network of 400 agencies and more than 3000 brokers throughout the country;
- **Banca Reale** offers savings management services and credit services in their various forms, as well as all other financial services;
- **Blue Assistance** is a provider of specialized services involving planning, implementing and providing support to individuals, families and their assets and, therefore, management of technical activities and claim settlements, consulting services and customer care;
- **Reale ITES e Reale ITES ESP** are Reale Group Companies whose business purpose involves the provision of ICT and similar services to the companies of the Group in Italy and Spain;
- **Reale immobili** is a Reale Group Company that manages, preserves and enhances the value of its real estate assets and those of other Reale Group companies, to which it also provides advice on technical and real estate matters.;
- **Italnext**, Brokerage business, active in the sale of insurance products and the promotion of social security and life insurance.
- **Rem Intermediazioni**, a company that accepts direct assignments and promotes the signing of insurance contracts and relevant administrative activities.
- **Reale Vida Y Pensiones**, founded in 2010, with the aim to expand their Life and Savings options of Reale Seguros;
- **Igar**, with its headquarters in Spain since 1995, this company manages and valorises the real estate assets of Reale Seguros;
- **Reale Chile Seguros Generales**, is the first overseas expansion of the Reale Group with the objective in 5 years to become one of the top 10 damages/non-life companies on the Chilean market;

- **Reale Group Chile** is the holding Company in the Chilean market, encompassing the interests of Reale Group and their local partners;
- **Reale Group Latam** is the holding company of Reale Group dedicated to development in Latin America.

The cardinal principle of mutuality guides the actions of all Group Companies, highlighting the essence and distinctiveness in the market, in terms of reliability, professionalism and quality of service, as well as the ability to interpret the needs of customers and local areas in the best way possible.

For us, being a Mutual Company means there are no shareholders; each customer who signs a policy becomes a Member, and viceversa. Special attention is paid to Members/Insureds, with advantages such as mutuality benefits and access to the Policyholder Ombudsman.

At Reale Mutua, one becomes a Member simply by taking out a policy and paying the relevant premium; as such, those who do not renew their policies relinquish their membership. The contribution of each Member is limited to their insurance premium, all of which is used for insurance purposes and which does not directly increase the net assets of the Company. Furthermore, by paying their annual contribution (premium), Members do not undertake additional obligations or responsibilities, either toward the Company or toward third parties, except for those arising from the insurance relationship.

Given the absence of shareholders, Mutual companies are not focused on generating as much profit as possible with a view to distributing dividends. Instead, their aim is to achieve enough profit to guarantee the continued sustainability of the company and protect its Members/ Insureds.

This makes it possible to allocate a portion of the added value generated by the Company to all Reale Group stakeholders in a variety of forms. This includes mutuality benefits, sustainable products with superior quality/price ratio, excellent payout services, provision of support services to Members/Insureds, optimal employee welfare conditions, advanced training for both employees and agents and, more generally, a focus on the community in the form of support for cultural, sports and social activities, including input by the Reale Foundation into the areas where the Group operates.

Regarding Reale Group's business and financial performance, please see the Group Consolidated Financial Statements.

Total operations:

- Total assets resulting from the Group's Statement of Assets and Liabilities 23,389.7 million euros;
- Overall premium collection (direct + assumed business) 5,259.8 million euros;

Net revenues:

- Consolidated Net result 151.6 million euros;

Total products and services:

- Total premiums recorded from direct business 5,258.3 million euros

The Articles of Association establish that the Representatives' Assembly determine the contributions and benefits to be granted to insured Members on an annual basis, based on a proposal by the Board of Directors.

At its December 2018 meeting, the Reale Mutua Representatives' Assembly resolved, for 2019, to distribute its Mutuality Benefits to Members/Insureds for a total of approximately € 9.9 million, € 7.8 million of which to Non-Life policies and € 2.1 million of which for Life policies. Finally, in keeping with previous years and with the mutualistic philosophy of the Reale Group, Italiana Assicurazione and Reale Seguros distributed € 0.8 million and € 0.3 million, respectively, to its Insureds.

Mutuality benefits are an element of economic value generated and distributed by Reale Mutua to its stakeholders.

The overall economic value added by the Parent Company and distributed to stakeholders or reinvested in the company was determined based on the guidelines provided in the GRI Standards (201-1).

The value for the 2019 financial year (and the two comparison years), was obtained from an analysis of the profit and loss account, which was reclassified, based on accounting records, with a view to indicating the assets that the company can generate through its activities.

The tables below indicate the overall gross added value generated (calculated as the difference between the value of production, the costs associated with the insurance service and related and extraordinary components) and redistribution of the same to the stakeholders of the Company.

GRI 201-1 economic value directly generated and distributed.

CALCULATION OF REALE MUTUA ADDED VALUE (thousands of EUR)	**2017**	**2018**	**2019**
Net premiums acquired	2,145,668	2,094,437	2,317,833
Net financial capital income	174,751	116,112	280,356
TOT REVENUE	**2,320,419**	**2,210,549**	**2,598,189**
Compensation paid and reserves	1,661,784	1,561,518	1,753,108
Other operating costs and amortisation and depreciation	1,447	1,230	1,448
TOT COSTS	**1,663,231**	**1,562,748**	**1,754,556**
INSURANCE MANAGEMENT ADDED VALUE	**657,188**	**647,801**	**843,633**
Balance of other income and other expenses	46,129	30,014	35,511
Balance of extraordinary items	6,903	79,152	3,662
TOTAL	**53,032**	**109,166**	**39,173**
OVERALL NET ADDED VALUE	**710,220**	**756,967**	**882,806**

DISTRIBUTION OF REALE MUTUA ADDED VALUE (thousands of EUR)			
	2017	**2018**	**2019**
Members/insureds Mutuality benefits deliberated for the year	8,097	8,665	9,294
Employees Total personnel costs including wages, contributions to social security bodies and other contributions	112,474	116,826	118,326
State:			
Central government Taxes on income recorded in profit and loss account	13,331	-10,228	44,681
Local government Waste collection charges and property taxes	851	1,818	1,433
Agents and other intermediaries Purchase commissions and collection commissions	301,110	317,567	324,080
External collaborators Total costs and general expenses	202,111	213,740	238,495
Company system Net Profit for the year	70,717	106,845	144,165
Community Costs of sponsorship and donation/contribution	1,529	1,734	2,332
TOTAL	**710,220**	**756,967**	**882,806**

Agency network remuneration and payment to suppliers, who are key stakeholders for Reale Mutua, are the main items in added value distribution.

This can be broken down into the following main categories: personnel costs, duties/taxes, net profit and the amount that the Company allocates to Members, in the form of Mutuality Benefits and the Community.

2.2 CODE OF ETHICS AND VALUES

The group's code of ethics is meant to encourage anyone working within the Group to pursue the goals with proper methods and behaviour that is fair and consistent with the corporate culture and guided by the principle of a mutual undertaking. This business culture takes into account the specific features of each individual company within the Group while at the same time striving to ensure respect for shared values in relations with stakeholders. All Group Companies are required to comply with these key principles:

- **Integrity**
  We pursue our goals through fairness, responsibility, honesty and reliability, in accordance with the law and the principles of professional ethics.
- **Centrality of people**
  We acknowledge that people play a central role in corporate strategies and decisions; we valorise the contribution and development of the individual, trying to meet expectations and demands.
- **Responsibility**
  We seek continuity of results, taking responsibility for the consequences of our actions, promoting the optimisation of resources, avoiding improper conduct.
- **Cohesion**
  We promote a high level of collaboration within the Organization through using the best of each person's skills, reinforcing the ability to make a priority of common objectives over personal interests.
- **Innovation**
  We adopt innovative behaviour models and flexible, tailored solutions in order to anticipate changes and new demands in the market; we consider individual skills, process quality and technologies as preferential instruments to ensure continuous improvement and development of new strategies.

The Reale Group cardinal values and principles of conduct are contained in the Group's Code of Ethics; this document was approved in is last release by way of a resolution by the Reale Mutua Board of Directors on 18 December 2018, and was ratified by the Administrative Bodies of the Companies in the Group.

Over the years, Reale Mutua has taken a fair and loyal approach to competition on the market and in its dealings with the wider community, in order to ensure development and the wellbeing of all stakeholders. This approach is applied across all Companies in the Group.

The adoption of the Reale Mutua Code of Ethics in 2001 was a fundamental part of this process. This code was extensively revised in 2013, to extend its scope of application to the entire Group and to include transparent descriptions of the interactions between the companies and their stakeholders.

Reale Group considers the term stakeholder to encompass all those who work with and for the Group as Employees, Members/Insured-Customers, Management, Intermediaries, Suppliers and Trustees and, of course, the wider community. This definition was arrived at by analysing all of the activities performed by the companies and mapping the various relationships within and outside of the Group. Two other significant groups that interact with the Companies were later identified: Shareholders and Supervisory Bodies (previously considered as part of the Community category).

Numerous initiatives over the years have involved the Group's stakeholders in sharing the values set out in the Code of Ethics:

- **Employees**: initiatives aimed at disseminating the values contained in the Code of Ethics and the Sustainability principles through contests (e.g., "Pinterest 2013"), online training courses, code implementation questionnaires and specific sessions at conventions. Plans are in place to resume the principle and value dissemination campaign in 2020, following the development of Reale Cile Seguros and the merger between Italiana and the Uniqa companies;
- **Members/ Insureds Customers**: developing and updating the dedicated pages of the company websites;
- **Intermediaries**: preparing ethics policies for Reale Mutua Agents based on the Group's Code of Ethics. Document distribution and provision of online training courses. Plans are in place to resume the principle and value dissemination campaign in 2020, including in light of the expansion of the Italiana agency network (due to the acquisition of Uniqa);
- **Suppliers/Trustees**; dissemination of the Code of Ethics by distributing it to the entire network of Fiduciaries and Suppliers. Suppliers read the document at the time of their inclusion on the Register of Suppliers, with reference to it also being made in the general conditions of their contract. A Suppliers' Code of Conduct was also drawn up in 2018;
- **Community**: development and updating of the dedicated pages on the company websites.

Reale Group's key values are shared along the value chain throughout the Suppliers Code of Conduct.

Supply Chain management

Reale Group understands the importance of ensuring compliance with internal and external regulations and codes of conduct. Respect for the rules and fair conduct in business dealings are essential factors for pursuing common goals, based on trust and transparency, in addition to business expertise.

Reale Group promotes a "responsible" management of its supply chain, which is based in its turn on principles of fairness, role compliance, and sharing of business management principles, by selecting suppliers who manage environmental and social impacts in a responsible manner, uphold the rights of their workers and promote this approach among their sub suppliers network.

Reale Group has also drawn up a Suppliers' Code of Conduct (hereinafter the "Code" for short), approved on 18 December 2018, by way of resolution of the Reale Mutua Board of Directors, and ratified by the Administrative Bodies of the other Companies in the Group over the course of 2019. This document is an extension of the Code of Ethics of Reale Group, to be adhered to by all suppliers to the Group. The aim of the Suppliers' Code of Conduct is to share the values of Reale Group along the value chain, and set out rules of conduct that suppliers must adhere to in their business dealings with the Group.

Contracts with suppliers include a clause concerning MOG 231 (the legal Organisational and Management Model) and regulatory compliance.

In the most recent reporting year, no changes were made to the organisation of the supply chain

The document is comprised of three sections:

1. Management of relationship with suppliers to Reale Group ;
2. principles (Ethics, Labour, Human and Environmental Rights);
3. monitoring and notification.

As stated in the first section of the Code, customer – supplier relationships are viewed by Reale Group as a veritable "partnership" based on compliance with the principles of professional ethics and mutual deontological rules.

Creating a long-lasting and mutually satisfactory network of relationships with qualified suppliers is considered by Reale Group a strategic objective and a competitive success factor. The general principles of the behaviour to be adopted in dealing with suppliers are stated in the Group's Code of Ethics.

In the application of the criteria used for selecting and assessing Suppliers, Reale Group adopts precise rules, which guide the identification of the specifications for the goods or services to be procured, the use of market access procedures, aimed at preventing ambiguous or unfairly advantageous situations arising, as well as the definition of objective selection criteria, in compliance with the agreements concluded and the arm's length principle of dealings between the parties.

Regarding Supplier selection, vendors are chosen, after completion of a qualification process that can prove they possess the technical, business, financial and organisational requisites; in addition to these requirements, they are asked to state in advance that they themselves will comply with the ethical and conduct principles of the Code and that any authorised sub-suppliers, employees and co-workers will do likewise.

In line with the values stated in this Code, the Group is committed to selecting those vendors that manage environmental and social impact responsibly, safeguard their workers' rights and expect such requirements to be endorsed by their sub-supplier network.

The division of roles, at the various operating and decision-making stages in the purchasing process, is the main management tool for ensuring that dealings with Suppliers are correct, transparent and audited, preventing conditions where personal gain may flourish, in carrying out these tasks.

The responsibility of the person who defines the features of the goods or services to be purchased is separate from the responsibility of those opening, negotiating and concluding the contractual commercial conditions with Suppliers.

There have been no significant changes to the organisation and the supply chain.

2.3 ORGANISATIONAL AND GOVERNANCE MODEL

Corporate governance is the system by which reale group is governed and managed. It defines the rules and procedures at every level in order to guarantee the correct management and control of the group and governs the relationships between the various players involved.

Reale Group has a corporate governance system that is appropriate to its structure and business model, and to the nature, scope and complexity of the risks to which the Group and its individual companies and subsidiaries are exposed. The system allows for sound and prudent management of the Group, while taking account of the interests of its companies and the ways in which those interests contribute to the shared long-term objective of the Group, including in terms of asset protection.

This system, which allows for effective oversight of the strategic decisions of the Reale Group as a whole, as well as the management balance of individual Companies, includes:

a) an adequate and transparent organisational structure that supports the operations and strategies of the Group, as well as procedures and safeguards that guarantee the efficiency and effectiveness of organisational processes;

b) the establishment of Group strategies and policies that are in keeping with current regulatory provisions;

c) formalised coordination and connection procedures, including from an informational perspective, for the various areas of activity and among the companies in the Group and the Italian Parent Company [Ultima Società Controllante Italiana- USCI], to ensure adequate "bottom-up" and "top-down" flows of information;

d) the establishment, at a Group level, of an appropriate structure and organisation for risk management, including clearly outlining the roles and responsibilities of the various Companies, and consistently applying internal control mechanisms. Such mechanisms, in keeping with strategic objectives, risk appetite and the risk tolerance limits of the Group, should make it possible to achieve objectives that, considering the specific nature of the monitored entity, are consistent with those central to the corporate governance system, and the reliability and integrity of accounting and management information;

e) the establishment of fundamental tasks at a Group level;

f) ensuring that those in the Italian Parent Company [USCI] that perform administration, management and control tasks for the group, as well as those with fundamental tasks at Group level and those who actually perform such tasks satisfy the criteria of professionalism, integrity and independence;

g) mechanisms capable of ensuring that the corporate governance system conforms, at a Group level, with the provisions of the Private Insurance Code and corresponding provisions on corporate governance implementation, ensuring conformity of the Group activities with current regulations, directives and the corporate procedures of the Group;

h) mechanisms that enable the Italian Parent Company [USCI] to verify that the conduct of the companies in the Group meets the requirements set out by the former in its guidelines, and consistent application by individual companies of applicable corporate governance provisions, as well as the effectiveness of internal control and risk management systems. To that end, the Italian Parent Company [USCI] shall work to ensure periodic inspections of the companies in the Group, including via the Internal Audit divisions of those companies.The Group governance model requires specific responsibilities to be assigned to both boards and individuals.

The following Boards and Committees are in place:

- **The Board of Directors of the Italian Parent Company** [USCI], which has ultimate responsibility for the Group corporate governance system;
- **The Board of Auditors of the Italian Parent Company** [USCI], tasked with verifying the adequacy of the organisational, administrative and accounting structure adopted by the Group and the USCI, in order to perform their tasks at a Group level;
- The **Supervisory Board** pursuant to legislative decree no. 231/2001;

- the **Consultation Committee** with powers to carry out investigations, consultations and/or make proposals, to support the Board of Directors, on all issues for which the Supervisory Body is responsible in accordance with the law,which require further investigation;
- the **Remuneration Committee**;
- the **Group Internal Audit and Risk Management Committee**;
- the **Group Investment Committee**;
- the **Committee tasked with verifying fitness for a particular role**;
- the **Actuarial and Financial Committee**;
- the **New Technologies, Innovation and Cyber Security Committee**;
- **Top Management of the Italian Parent Company** [USCI], including the General Manager, the Joint General Manager and the Vice General Manager, with responsibility for the overall implementation, maintenance and monitoring of the Group corporate governance system (that operates at a board level in relation to the Group Management Committee);
- the **Group Management Committee**;
- the **Management Committee for Italy**.

The Groups and Committees listed above, each within its own remit, report to the Boards of Directors and to Top Management of the Italian Parent Company [USCI] and, where applicable, the companies in the Group.

The following are individuals with responsibility:

- the **President of the Board of Directors USCI**;
- the **Director** tasked with supervising the property activities of the Group.
- the **Managing Director** (if applicable), the **General Manager** and the **Co-General Manager** and **Vice-General Manager**, if appointed.

A culture of corporate integrity and control is promoted by the Board of Directors and implemented by Senior Management through internal rules and procedures and through specific actions and activities of the competent offices.To that end, the aforementioned Reale Group Internal Audit and Risk Management Committee performs a consultancy and recommendation role and is tasked with carrying out research investigations. In particular, it supports the Board of Directors of the companies in the Group in establishing guidelines for their internal audit and risk management systems, in performing periodic assessments of its adequacy and effective operation, and in identifying and managing the main corporate risks.

The internal audit and risk management system is discussed at length in specific corporate policies that describe the policies enforced by the Boards of Directors.

Reale Group has an internal audit and risk management system that allows the Parent Company to monitor effectively both the strategic decisions of the Group and the technical, operational and management equilibrium of the individual companies.

The Group's internal audit system is similar to that adopted previously for Reale Mutua, and essentially consists of three levels:

- **first-level audits**: these are aimed at ensuring proper performance of activities in pursuit of the assigned objectives, and are performed by the organisational structures responsible for the activities;
- **second-level audits**: these are the set of activities performed by divisions/teams that,

independent of the persons in charge of the activities, are tasked with systematically monitoring the trend of the various categories of risk, operations and the adequacy of first-level audits (e.g.: Risk Management, Compliance, Anti-Money Laundering, Actuarial Division, etc.)
- **third-level audits**: these are the Internal Audit activities aimed at assessing the effectiveness and efficiency of the overall internal audit system.

The Parent Company has put a series of mechanisms in place with a view to assessing the conduct of the companies in the Group, the consistent application by individual companies of the applicable corporate governance provisions, and the effectiveness of internal audit and risk management systems. These mechanisms include establishing group tasks and processes, information flows and coordinated assessment activities to be performed jointly by those performing the fundamental tasks at a Parent-Company and individual-company level. To that end, Reale Mutua, as the Italian Parent Company, works to carry out periodic inspections in relation to the Companies in the group, including via those companies' internal audit divisions.

The Group's approach to risk, in addition to regulatory aspects and criteria for a prudent and proper management, cannot be separated from the mutual form of the Parent Company, which is reflected onto the entire Group. Reale Mutua formalises the criteria for identifying, measuring, managing and monitoring all risks, and distributes those criteria to the companies in the Group.

This characteristic, and the objective to maintain full autonomy and independence from external control and capitalisation centres, render the continuous development of a risk management system a central part of the Group's strategy, a fundamental element for the development and continuity of each Company of the Group.

The organisational model for the risk management system is the same for all the Group Companies. The Parent Company, in the scope of exercising its direction and coordination activities, establishes the general guidelines for the risk management system, which are then implemented by the subsidiary companies.

That model involves establishing fundamental and integrated roles:

- the **Chief Risk Officer**, a function set up within the Parent Company with the task of guaranteeing, within the internal audit system, the global management of the risks faced by the Group, as well as to govern and coordinate, in a centralised manner, all the topics to do with protection against company risks, while at the same, ensure a consistent implementation of the guidelines on such matters issued by the Board USCI;
- the **Group Risk Management** division, which performs a monitoring, supervision and coordination role for the insurance companies in the Group, in order to guarantee that management of current and future risks, with a particular focus on significant risks, is performed in a consistent and ongoing way across the insurance group;
- the **Group Actuarial Division**, with tasks that include coordinating the calculation of technical provisions, guaranteeing the adequacy of methodologies, models and theories underpinning the calculation of technical provisions, assessing the sufficiency and quality of the data used to calculate the technical provisions, comparing best estimates with data obtained from experience, providing opinions on the overall underwriting policy and the adequacy of reinsurance agreements;
- the **Group Compliance Division**, tasked with assessing, at a Group level, that the corporate organisational structure and procedures are adequate to prevent the risk of legal or

administrative sanctions, financial loss or reputational damage due to breaches of directly applicable laws, standards or European Regulations, measures handed down by Supervisory Authorities or self-regulation provisions, and avoiding risks arising from unfavourable changes to the regulatory framework or applicable case law;

- the **Group's Anti-money laundering** function, in charge of preventing and hindering money laundering activities and the funding of terrorist group, through analysis and inspection activities designed to assess the suitability of the company's organisational measures and the effectiveness of the processes and specific control procedures put in place, also in terms of their application to the sales network;
- the **Group Internal Audit** division is tasked with assessing and monitoring the effectiveness, efficiency and adequacy of the internal audit system and the additional components of the corporate governance system at a Group level, and identifying any necessary amendments.

The fundamental and integrated divisions listed above, in performing their tasks, also provide support and consultancy services to other divisions in the Group.

Environmental and social risks are defined as risks of financial losses or reputational damage arising from environmental and social impacts/environmental risk as provided for in Italian Legislative Decree 254/2016 and indicated by IVASS Regulation no. 38 of 3 July 2018.

The risk management in Reale Group

Reale Group wants to pursue economic and social development in a manner that complies with rights, professional ethics and business transparency.

To that end, as well as complying with all applicable regulations, Reale Group recognises the importance of guaranteeing application of internal and external codes of conduct and professional ethics principles. Only through creation and consolidation of a full relationship of transparency and trust with stakeholders and, first and foremost, with Members/Insureds - Customers, can long-term financial and equity stability objectives be pursued and achieved.

In that regard, Reale Group has its own Group Code of Ethics, organisational Models to prevent offences and a Supplier Code of Conduct, and declares that it does not tolerate any form of corruption.

With regard to combating corruption, Reale Group member Companies have decided to adopt Organisational Models designed to prevent offences that may give rise to administrative or criminal liability for legal persons as a result of offences, provided for by national laws (Legislative Decree no. 231/2001 n Italy, Leyes Orgánicas 5/2010 e 1/2015 in Spain, Ley 20.393 in Chile). These Models also aim to prevent any conduct that breaches the ethical/social principles adopted by the Reale Group, including through training and education.

The offences for which a company may held liable include active and passive corruption, in both the public and the private sectors.The laws in force provide, according to a variety of ways and methods, for liability to be attributed to companies in the event of corruption offences involving public officials or public servants committed by persons operating on behalf of that company (including, but not limited to its employees), and by companies operating on behalf of companies in the Group.

Hence, through the adoption of Organisational Models to prevent offences, the Group member companies have a policy to combat active and passive corruption, in both the public and the private sectors. These documents are made available to the various stakeholders, based on their role, via individual company websites, the Reale Group website, and the company intranet.

The Models are updated periodically to reflect regulatory and/or organisational changes and are comprised of a General Part, with information concerning the Decree and company organisation, and a Special Part, subdivided into several Sections. The Sections are organised by type of crimes and describe in detail the requirements set out in the Decree, the areas that, on account of the activities performed, are exposed to the risk of commission of offences identified in the Decree, and provide examples of illicit conduct, prohibitions and rules of behaviour to be followed in order to prevent the commission of crimes. The Board of Directors of each Company approves the Models and related updates. Those same Boards of Directors appoint the respective Supervisory Bodies, which may operate under different names in other countries, and determine their supervisory powers, tasks and responsibilities. The Board appoints its Supervisory Body at the time of its formation.

As such, in 2015, each of the Group's Spanish companies adopted a Model to prevent offences that may give rise to criminal liability for legal persons.

The Chilean law provides for the possibility of putting in place a prevention model for the offences and to appoint a person in charge of prevention who contributes to the construction, implementation and update over time of the prevention system. This model can be certified by an organisation accredited with the governmental Authority in charge (CMF – Comisión para el Mercado Financiero).

In November 2019, Reale Seguros Generales Chile adopted the General Section of the Modelo de Prevención de Delitos; analyses are currently under way with a view to implementing the Model across the company and the Reale Group holdings in Chile. A course for employees is planned for 2020.

The Group member companies defined their Models in accordance with the guide lines proposed by the Parent Company and then adapted the models to reflect their needs and/or the indications provided by their respective supervisory Authorities (where present) and as a function of the severity and relevance of the various types of predicate offence.

The Supervisory Board of each Group Member Company periodically receives information flows designed to ascertain the use of the company's financial resources and check for anomalous – albeit not necessarily illicit – behaviours.

Among the predicate offences to be sanctioned, Decree 231/2001 includes manslaughter and bodily harm arising from violations of the rules on health and safety in the workplace, environmental crimes, the use of foreign workers without a regular residence permit, exploitation and trafficking of human beings. Such aspects are addressed in the Models of the Parent Company and the Models of all the Reale Group companies operating in Italy and in Spain, if included among the eligible offences.

The Group member companies include in the contracts entered into with agents, suppliers, outsourcees, consultants, etc. clauses that require the other party to acknowledge the Code of Ethics of the Group, and the Organisation, Management and Control Model of the company they work for.

In the agents mandate letters (Italy and Spain) a dedicated annex illustrates the related national laws and the Models, both complying with the principles set out in the Code of Ethics of the Group and the Model of the relevant company. The agent mandate letter also contains a similar legality and transparency clause for fiduciaries, consultants and suppliers. (Ref 205-2 e)

The law on whistleblowing (Law no. 179/2017) came into force in Italy on 29 December 2017. The law requires the Models 231 to provide for channels whereby Model addressees of Member Companies in Italy can notify the commission of offences or violations in full safety, the anonymity and confidentiality of the so-called whistleblower, i.e., the person who provides the information on illegal activities, being guaranteed.

In any case, the Reale Group Companies' Models have included reporting systems since their adoption.

Regulations are nevertheless in the process of being applied, both as a result of the new European Directive on the protection of persons who report breaches (Directive no. 2019/1937, to be transposed by 17 December 2021) and of the upcoming introduction of a specific IVASS Regulation that already partially incorporates certain parts of the directive in question, as well as guidance on the content of the Private Insurance Code (Italian Legislative Decree 209/2005, articles 10 quater and 10 quinquies) including as regards handling reports from the distribution networks (large-scale agencies and brokers).

In 2019, two reports were received by Reale Mutua an one by Italiana Assicurazioni via the application; these are currently being handled.

The Spanish-based companies in the Group began the process of adopting a platform to handle reports.

Training/education

In 2019, no new training courses were made available to the Management and Control Bodies in relation to Italian Legislative Decree no. 231/2001/Laws 5/2010 and 1/2015,or on combating corruption. However, each Supervisory Body submits a detailed periodic report (on a bi-annual or annual basis, depending on the company) to its Boards of Directors concerning the operation and implementation of the Offence Prevention Model and the relevant regulatory updates. As such, the Bodies are regularly updated, as required by applicable laws.

GRI 205-2

Reale Group Governance Bodies that have received training on the anti-corruption policies and procedures						
	2018			2019		
Geographical Area	Number of members of the Boards of Directors trained	Percentage adherence at Group level	Percentage adherence at Group level	Number of members of the Boards of Directors trained	Percentage adherence at Group level	Percentage adherence by location
Italy	76	56%	96%	0	0	0
Spain	29	21%	73%	48	35%	120%*
Chile	14	10%	82%	0	0	0

***** *The percentage greater than 100 indicates that some members of the Spanish company bodies received more than one training course. The others did not receive training on anti-corruption matters.*

As regards notifying suppliers and business partners of anti-corruption policies and procedures, as mentioned in the supply chain description in chapter 2.2, a specific clause of the general conditions of the supply contract refers to Model 231 and the Ethics Code, providing specific links to the relevant documents as well as the specific legality and transparency clause. (ref 205-2 c)

All employees of the Group are given access to the Organisational Model of their company, drafted in accordance with local laws and regularly updated, via their company intranet; furthermore, information on anti-corruption policies and procedures is provided in training courses on the subject (ref. 205- 2 b) and in communications sent to those employees at the time of publishing the updated documents.

Among the activities carried out to prevent the commissions of offences, we should mention the attention devoted by each Group member company to the training of their employees, the direct distribution network of the company and the financial advisors working for a bank. In particular, 2019 saw the launch of a specific information initiative and communications sent to the employees at the time of publication of the updated documents. 2019 also saw the production of an informational video on organisations' administrative liability (Italian Legislative Decree 231/2001) aimed at professionals (technical experts, medical professionals, lawyers) with whom the loss settlement network (Reale Mutua and Italiana Assicurazioni) deals.

Training activities for the distribution network of Reale Mutua and Italiana Assicurazioni are scheduled to take place in 2020, through a specific mandatory course delivered both online and in "mixed" mode (the so-called "virtual classroom" or webinar).

GRI 205-2

Reale Group						
Employee categories	Anti-corruption training 2017		Anti-corruption training 2017		Anti-corruption training 2019	
	Number of people trained	Hours of training	Number of people trained	Hours of training	Number of people trained	Hours of training
Employees	1,866	3,529	204	490	2,272	2148,5
Mid-managers	552	1,027	100	265	656	607,5
Managers	45	97	12	25	51	50,5
Total	**2,463**	**4,653**	**316**	**780**	**2,979**	**2,806.5**

Italnext has not adopted its own Model 231, and as such the quantitative data does not apply.
The deviation from the number of training hours provided in 2018 is attributable to a high number of courses provided by Reale Seguros on privacy and data protection, and the inclusion of a range of training courses on anti-corruption in 2019 (e.g. Training in relation to the General Data Protection Regulation, Cybersecurity and others)

Risks associated with sustainability issues

In accordance with Italian Legislative Decree 254/2016, the main risks generated or experienced in relation to the material topics and arising from the company's activities, products, services, or business dealings must be reported in the Non-Financial Disclosure: this legislative requirement is, however, part of a much broader national and international context, which requires organisations to examine sustainability or ESG risks – Environmental (E), Social (S) and Governance (G) – in order to progressively incorporate them into its management risk system.

Following the study performed for the purposes of the 2018 Non-Financial Disclosure, for the first year, the Reale Group carried out systematic mapping of the sustainability risks associated with the material topics subject to non-financial reporting. Thanks to close collaboration between the Group's Sustainability Team, the persons in charge of the various material topics and the Risk Management team, it was possible to incorporate the ESG risks into the macro checklist of "traditional" risks for the Reale Group. Among the risk assessment methods used by the Group, the macro check list is a self-assessment tool that is used to carry out a risk profile analysis – at high level and according to a strategic approach – with the aim of identifying possible changes to be made to the risk map, also in connection with the sale of new products, the entry into new markets, or major technological or organisational changes.

In particular, data owners were involved in order to identify the risks associated with each material topic and perform an initial assessment of such (high, medium or low risk). Having analysed the risk oversight and management methods identified, the team described the positioning of the risks compared to 2018, specifying, for example, whether the risk level had increased or decreased, and providing detailed information in relation to the companies in the Group.Finally, Risk Management examined the risks identified and mapped them in accordance with the Reale Group macro check list. This led to the risks associated with the material topics being included in the traditional risk categories for the first time, with a view to progressively incorporating such risks into the individual risk groups.

This activity made it possible to take the first steps in terms of:

- Assessing the economic, regulatory and reputational impacts of the sustainability risks identified;
- Promoting accountability for all teams involved, through discussion and engagement, to ensure that they can play an increasingly active role, in the future, not only in identifying and assessing risks, but also in managing them;
- Identifying increasingly effective methods and tools for the oversight and control of ESG risks, starting with the existing examples.

3. THE KEY NUMBERS OF 2019

The most significant figures from 2019 in terms of the sustainability strategy are:

152 MIN €
Group Profit

11 MIN €
Mutuality benefits and measures agreed for 2019

9 percentage points
Increase in incidence of climate change-related losses compared to total losses between 2017 and 2019

69
Partner
Reale Foundation

167 MIN €
Economic impacts of climate change

1.28 MIN €
Reale Foundation Contributions

413 employees
4,157 hours
Corporate Volountering

3,718
Employees

>3 MIN €
Investments in training

4. METHODOLOGICAL NOTE

4.1 REPORTING STANDARDS AND DOCUMENT DRAFTING MODALITIES

The process for preparing the Non Financial Information Disclosure, implemented by the Sustainability Management, Involved the executive management across-the-board of all Reale Group companies, operating in Italy and abroad.

Legislative Decree 254/2016 requires reporting on the relevant topics "in accordance with the methods and principles provided for by the reference standard or the independent method used to prepare the disclosure".

As provided for in the Decree, for each material topic, the relevant Policy* was identified, and the relative risks were detailed, together with the risk mitigation actions defined by the Group.

As provided for by Art. 5 par 1, lett. b) of Italian Legislative Decree 254/16 this report is separate to the management report, and uses specific wording to distinguish it and identify it as meeting the Non-Financial Disclosure requirements, set out to in that law.

With reference to this aspect, in order to include the information required by the Decree, contained in this document, the Reale Group adopted the "Global Reporting Initiative Sustainability Reporting Standards" for the first time in 2017, (hereinafter GRI standards) issued by the "Global Reporting Initiative" in 2016.

For the first two years, the Group adopted the GRI-Referenced option, identifying qualitative and quantitative KPIs capable of representing the various material topics.

Following the new materiality process, the Group has decided, as of this edition, to prepare the document in accordance with GRI Standards: Core option, and with the "Financial Services Sector Supplements". This approach allows for more comprehensive and detailed reporting of the information, in keeping with Italian insurance sector benchmarks, and taking into consideration international players.

The indicators presented in the Disclosure have been identified based on GRI Standards, obligations arising from compliance with international sustainability initiatives and protocols, and the Group's progressive commitment to making the sustainability integration process measurable across its business. Almost all data is the result of accurate data collection, with the exception of certain estimates that have been duly identified as such.

The references to the GRI Standards selected are reported both in the Disclosure and in the table at the end of this document.

* the Legislative Decree 254/2016 defines Policy as a formalised document or as a guideline issued by Top Management

With regard to the “Customer Centricity”, “Importance of the Agency Network” and “Innovability” topics, in keeping with clause 2.5 of the GRI-preparation guide, the Reale Group decided to report on its performance using independent indicators and specific non-GRI Key Performance Indicators (KPIs), to better emphasise the significance of the topic to the Group, in the context of continuously updating its sustainability reporting. In relation to these indicators, the Reale Group reported on its management approach using GRI 103: Management approach using appropriate information from other sources.

This document was subject to a limited audit by EY S.p.A. The results of that inspection carried out in accordance with art. 3, par. 10 of Italian Legislative Decree 254/16 and Consob Regulation no. 20267 are contained in the report prepared by the audit firm and included at the end of this document. The audit was carried out in accordance with the procedures outlined in the “Audit Firm’s Report”, included in this Document - “limited assurance engagement” based on the criteria specified in the ISAE 3000 (Revised) standard.

Any limitations on the perimeter are duly indicated in the Disclosure, with clear reference to specific indicators and/or disclosures.

For ensuring a comparison of information with previous reporting periods and for complying with the principle of comparability, quantitative and qualitative data in this report refer, as regards Companies in the Group included in the previous editions of the Disclosure, to the 2017, 2018 and 2019 reporting periods.

Any exception to the above identified criteria are reported in the single sections of the Report.

The reporting period covered by this document is 1/1/2019 – 31/12/2019.

The previous Disclosure, concerning 2018, was approved by the Reale Mutua Board of Directors on 15 March 2019, and ratified by the Boards of Directors of all companies in the Group. The Reale Mutua Representatives’ Assembly also examined the Document on 17/04/2019.

Any comments or queries can be sent to the Reale Group Sustainability Management team, based at the Parent Company (e-mail address: **direzionesostenibilitadigruppo@realemutua.it**).

4.3 REPORTING PERIMETER AND PERIOD

The Disclosure reporting perimeter covers the 2019 Consolidated Financial Statements period and, as such, enables an understanding of the activities of the Group, its performance, its results and its impact.

The figures and information given in this Statement apply to all the Group Member Companies - Società Reale Mutua di Assicurazioni (hereinafter, for short "Reale Mutua") - and its subsidiaries reported below:

- Italiana Assicurazioni S.p.A.;
- Banca Reale S.p.A.;
- Reale Immobili S.p.A.;
- Blue Assistance S.p.A.;
- Reale ITES S.r.l.;
- Italnext S.r.l.;
- REM Intermediazioni S.r.l.;
- Reale Seguros Generales S.A.;
- Reale Vida Y Pensiones S.A.;
- Igar S.A.;
- Reale ITES ESP s.l.;
- Reale Chile Seguros Generales S.A.;
- Reale Group Chile S.p.A.;
- Reale Group Latam S.p.A.

As of 1 January 2019, Uniqa Intermediazioni S.r.l. has changed its name to Rem Intermediazioni S.r.l.

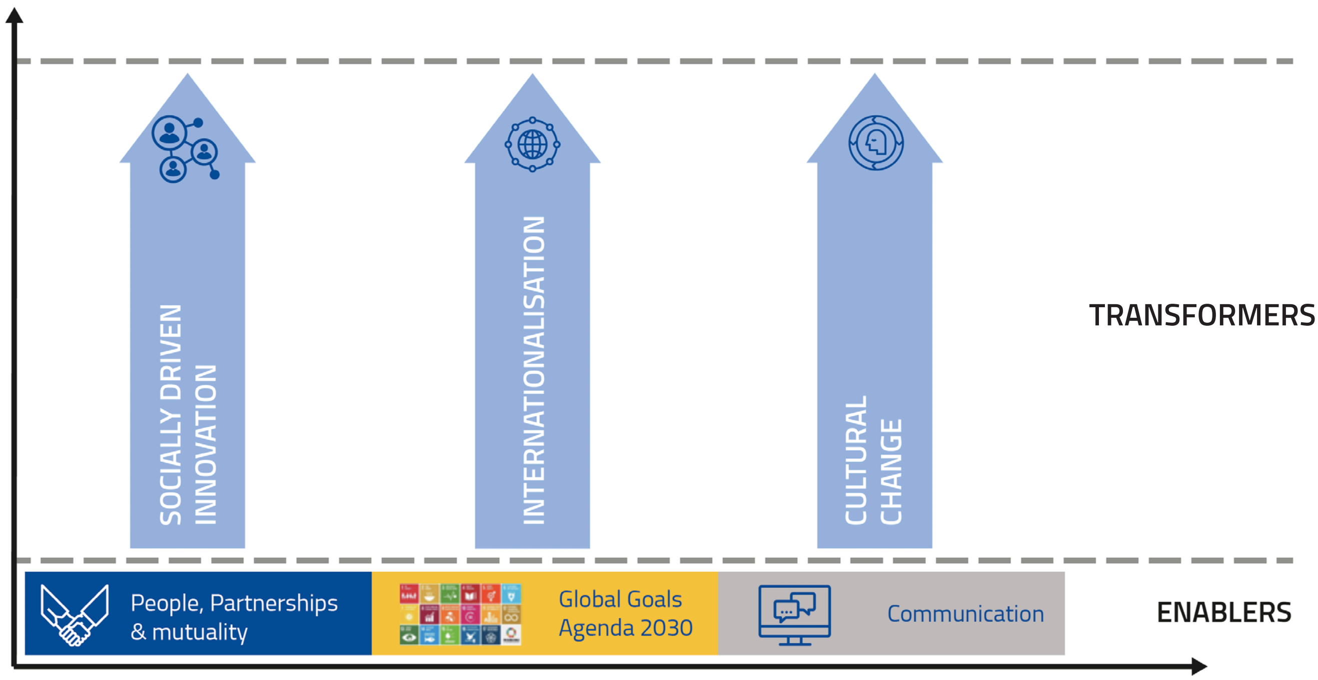
5. SUSTAINABILITY STRATEGY

5.1 STRATEGY

The Reale Group has always had sustainability in its DNA, and has sought to integrate this value throughout its value chain.

MUTUALITY, the CENTRALITY OF PEOPLE and the SUSTAINABLE DEVELOPMENT GOALS set out in the United Nations' Agenda 2030 will be the MAIN DRIVING FORCES of the sustainability strategy over the next two years.

Social, inclusive and accessible innovation, INTERNATIONALISATION and CULTURAL CHANGE are the tools that we will use to generate positive, measurable and intentional impacts, including via valuable partnerships, which are indispensable to the self-sustainability of the projects.



Generation of concrete impacts cannot take place without INTEGRATION OF THE CULTURE OF THE IMPACT, ex ante, in all commercial, financial and human resource processes.

Corporate volunteering

Already in 2014, Reale Seguros began a corporate volunteering project as a tool to facilitate social change and create value.

In 2017, the Group Italian Companies structured a volunteering programme, incorporated into human resources policies, with an exceptional partner network. Corporate volunteering provides a practical outlet for Reale Group's commitment to integrated, strategic philanthropy that can generate positive, measurable impacts, in line with the mission established by Reale Foundation, the Reale Group corporate foundation, and the United Nations Agenda 2030 Sustainable Development Objectives.

Corporate volunteering is in keeping with the mutualistic principles guiding the Group, allowing a portion of the value generated to be reinvested in communities. It offers a way for Reale Group personnel to get involved in the sustainability strategy, conveying the values of the Group through practical activities and contributing to promoting new working methods.

Guidelines are currently being drawn up so that all companies in the Group can agree upon the principles and values underpinning corporate volunteering. These guidelines will be approved by the Group Management Committee in early 2020, and presented to all Boards of Directors of Companies in the Group.

The guiding principles of corporate volunteering are: Passion, Inclusivity (Ability to listen, ability to give and receive feedback, innovation, person-centricity), Responsibility (guaranteeing a commitment to others and transferring the key values of volunteering to daily work tasks) and Solidarity (Mutuality, helping others by creating a virtuous circle).

In 2018 and 2019, Reale Group recorded 413 volunteers dedicating 4157 hours.

5.2 REALE FOUNDATION

Close contact with the communities where Reale Group operates has always guided our way of doing business. Reale Group believes that a portion of the value must be returned to the community where it was generated, as the Reale Foundation began doing twenty years ago.

"Reale Foundation" – the Reale Group non-profit corporate foundation, also referred to herein as the "Foundation" – was founded in 2017. Its objective is to provide for the more systematic management of community engagement and philanthropy activities aimed at generating positive, measurable and intentional impacts in the communities where Reale Group operates.

Reale Foundation represents a transversal and international vehicle for the Group Companies – Società Reale Mutua di Assicurazioni, Italiana Assicurazioni, Banca Reale, Blue Assistance, Reale Immobili, Reale Seguros Generales and Reale Vida – through which donations may be made for supporting projects which are of interest to the community, based on the organisation's mission and purpose, coordination and careful assessment of the intended use of all donations.

An Operating Committee, a Board of Governors and an Ethics and Disciplinary Committee respectively serve to propose and approve the Reale Foundation programmes and projects, ensuring that its activities are in keeping with ethics principles and the Reale Group sustainability objectives.

The Board of Governors represents the governance body of RealeFoundation and is composed of members from each participating Group Company, which, in turn, has designated a natural person as its representative.

In addition to the Board of Governors, there is an Ethics and Disciplinary Committee, whose role will be to verify that the activities of the Foundation comply with the ethical principles guiding the Group.

Reale Foundation has also chosen to adopt an Operating Committee, made up of representatives from the Group companies, with advisory roles, for analysing project proposals and the annual plan to be submitted to the Board of Governors.

The Foundation will receive a contribution from the Group Companies in an amount established annually by the single Boards of Directors, within a maximum limit for the entire Group of 1% of consolidated profits. This amount has been used by Reale Foundation in the 2018 fiscal year, for initiatives in Italy, Spain and Chile, to support the communities where the Reale Group operates.

The Foundation's operativeness is guaranteed by the Group's Sustainability Committee.

The resources appropriated for the 2019 financial year were allocated to projects pursuing goals in the following three main areas of intervention, in line with the UN Sustainable Development Goals (Goal 1 - No poverty; Goal 3 -Good health and well-being; Goal 8 - Decent work and economic growth; Goal 11 - Sustainable cities and communities). In particular, Reale Foundation focuses on interventions in the following areas:

- HEALTH & WELFARE AREA: PREVENTION OF CHRONIC ILLNESSES
- SOCIAL AREA: INCLUSION AND THE SOCIAL AND ECONOMIC DEVELOPMENT OF YOUNG PEOPLE
- SUSTAINABLE ENVIRONMENT & COMMUNITY AREA: RESILIENCE TO NATURAL DISASTERS
- VALUE ENHANCEMENT AND PRESERVATION OF THE CULTURAL HERITAGE IN ITALY, SPAIN AND CHILE.

The areas of intervention of the Foundation have been selected on the basis of the core business of Reale Group and the Group's capability to make a positive contribution to the development of the areas concerned by drawing upon its experience. To select the areas of intervention, national and international benchmarks were used and all Group member companies participated in the selection process.

In 2019, Reale Foundation supported a total of 86 initiatives in Italy, Spain and Chile, directly benefiting 15,300 people.

The Reale Foundation's activities mainly contributed to the following United Nations' Agenda 2030 Sustainable Development goals:

HEALTH AND WELLBEING, DECENT WORK AND ECONOMIC GROWTH, SUSTAINABLE CITIES AND COMMUNITIES.

As required by Italian Legislative Decree 254/16 for each material topic, the risks and actions implemented to mitigate them and the presence of reputational risk, if any, are outlined. The arrows in the final column indicate the changes compared to 2018.

Description of the risk identified by t he division in charge	Oversight methods identified by the division in charge/owner	Risk identified by the owner	Is a reputational risk identifiable for owners?	Assessment of the risk identified by the owners
Financial-reputational risk arising from an erroneous evaluation of the - proposed in terms of their long-term sustainability and actual favourable impact on the reference community;	▪ Verification by the Ethics and Disciplinary Committee of the consistency of the areas and the projects identified with the Code of Ethics and the policy guidelines, and notification of any inconsistency/anomaly observed to the Operating Committee, so that it might rectify/adapt the choices made, or provide useful information in support of the proposals identities; ▪ Analysis and validation of the areas of intervention identified, the projects to be supported and the partners with whom the Board of Governors is to collaborate;	LOW	YES	
Presence in the market of competitors with more - and resources (though it is associated with a historical reality such as Reale Mutua, Reale - has been on the market for just one year and still has to prove its legitimacy to act);	▪ Reinforce partnerships with other foundations to make projects as sustainable as possible. ▪ Traceability by means of an ad hoc model of the data entered in the applications for contributions submitted by the potential beneficiaries and the support documentation supplied, in order to ascertain in an objective manner, the admissibility, effectiveness, alignment in terms of values and strategy of the project, as well as its sustainability, both short-term and in the event of the support provided by the Foundation being discontinued;	LOW	YES	←→
Proliferation of methods for the determination of the impact on the market of the - undertaken and difficulties in identifying truly effective methods;	▪ Preparation of specific reports on all projects for which an application for contribution has been received or aspects that need to be supported have been identified; ▪ Analysis and validation by the Board of Governors of the projects included in the implementation plan previously defined by the Operating Committee based on the information contained in the aforementioned reports; ▪ Project monitoring and evaluation based on an analysis of the information contained in the project progress file compiled by the beneficiaries and the supporting documentation obtained (e.g., photos and videos, direct testimonies of the projects developed) and consistency thereof with the project objectives envisaged; ▪ Periodical reports to the Board of Governors on the progress of the project undertaken up to their completion;	LOW	YES	
Excessive "centralisation" of initiatives.	Involvement by the Reale Group agency network and involvement by the Spanish and Chilean branches.	LOW	YES	←→

IN 2019, REALE FOUNDATION PROVIDED EUR 1.28 MILLION.

REALE FOUNDATION HAD 69 PARTNERS IN 2019.

This year, in order to reflect the link between Reale Foundation and the companies in the Group, the GRI NGO8 indicator is included, which requires identification of sources of liberal donations, divided into categories, and the leading donor categories including monetary value of donations:

GRI NGO8: sources of free donations

DONATIONS TO FUNDACION REALE FOUNDATION		
	2018	2019
REALE MUTUA	630,000	872,000
ITALIANA	160,000	167,000
REALE SEGUROS	520,000	279,000
REALE IMMOBILI	150,000	146,000
BANCA REALE	10,000	11,000
BLUE ASSISTANCE	5,000	5,000
EURAPCO	1,300	0
TOTAL	**1,476,300**	**1,480,000**

The data item is only provided from 2018, the year in which Reale Foundation began operating as the Reale Group corporate foundation.

Project POWERCODERS

Powercoders is a programme launched in Switzerland in 2016, offering intensive programming courses to refugees. It aims to facilitate their integration into the IT workplace.

Some information on Powercoders to date:

- Total number of students trained: 130
- Percentage of students offered a placement after the course: 97%
- Percentage of students offered contracts of indefinite duration: 60%
- Drop-out rate: almost 0
- Courses held in 4 Swiss cities, including two permanent schools in Zurich and Lausanne.

The project addresses two significant challenges:

- the high number of unemployed refugees with IT skills
- the shortage of IT professionals to meet the demands of the market (106,000 IT positions were available in 2018, 30% of which still have not been filled).

Reale Foundation discovered the project through EURAPCO. Powercoders Italia was launched on 20 January 2020. The first 3-month course is being attended by 20 refugees and others with international protection status from various countries (Syria, Congo, Libya, Pakistan, Afghanistan), aged between 19 and 40.

The project, mainly funded by Reale Foundation, also involves Fondazione Accenture, Compagnia di San Paolo, Fondazione Specchio dei Tempi La Stampa, Lenovo, Fondazione IBM and UNHCR, the United Nations Refugee Agency. A number of managers from Reale Mutua, ITES, Italiana and Blue Assistance will also be involved in providing training to the refugees. The project drew great media attention at the press conference, with pieces covering the initiative in the leading newspapers and on Rai 3's TGR. It is hoped that the pilot stage will be a success, making it possible to assess the viability of running the course again in Turin, as well as elsewhere in Italy and abroad, through the EURAPCO network.

The project is in keeping with Reale Foundation's objectives, and in particular with Objective no. 8 (Decent work and economic growth) of the United Nation's Agenda 2030.

Powercoders aligns with the Group's values of sustainability through creation of positive and measurable impacts, diversity, innovation and people-centricity. These values will be expressed in an increasingly explicit way in brand communications, which will be transformed to best convey, to all stakeholders, the principles that have underpinned our business model from the outset.

6. MATERIALITY ANALYSIS AND STAKEHOLDER

In 2019, the **Reale Group** set about updating its materiality matrix, aimed at identifying the sustainability issues of greatest importance to the Group and its stakeholders.

Reale Group chose to follow the materiality process set out by the GRI, enabling a new materiality matrix to be developed using a four-stage process;

- **Identifying potentially material topics**

  Using the strategic elements contained in the Reale Group 2020-2022 Guidelines as a starting point, a context analysis (guidelines, national and international standards and the most recent European Commission publications) and sector benchmarking process was performed.

  Also fundamental was the examination carried out of the Group's internal regulatory documents, which involved mapping references to sustainability topics in each relevant policy, regulation or procedure.

  The study of the first Reale Group materiality matrix is also fundamental. It informed the non-financial disclosure process for 2017 and 2018. The following topics were identified in the past: Centrality of the Partner/Insured-Customer; Importance of the agency network; Valorisation of the people of Reale Group; Internal control and risk management system; Donations management; Innovation and Internationalisation; Purchasing management; Environmental performance and Anti-Corruption.

- **Prioritising potentially relevant topics**

  A "long list" of potentially material topics was identified by applying a materiality threshold.

  CUSTOMER CENTRICITY, PRIVACY & CYBER SECURITY, MUTUALITY AND TRANSPARENCY, IMPORTANCE OF THE AGENCY NETWORK, COMMUNICATION AND REPUTATION, SUSTAINABLE FINANCE, INNOVABILITY, PEOPLE & DIVERSITY, IMPACTFUL PHILANTHROPY, CLIMATE CHANGE, DEMOGRAPHIC AND SOCIAL CHANGE, FINANCIAL EDUCATION, CUSTOMER PORTFOLIO SECURITY, CORRUPTION PREVENTION, RESPONSIBLE MARKETING, MOBILITY, FAIR EMPLOYEE REMUNERATION AND INCENTIVES AND SUSTAINABILITY IN THE SUPPLY CHAIN.

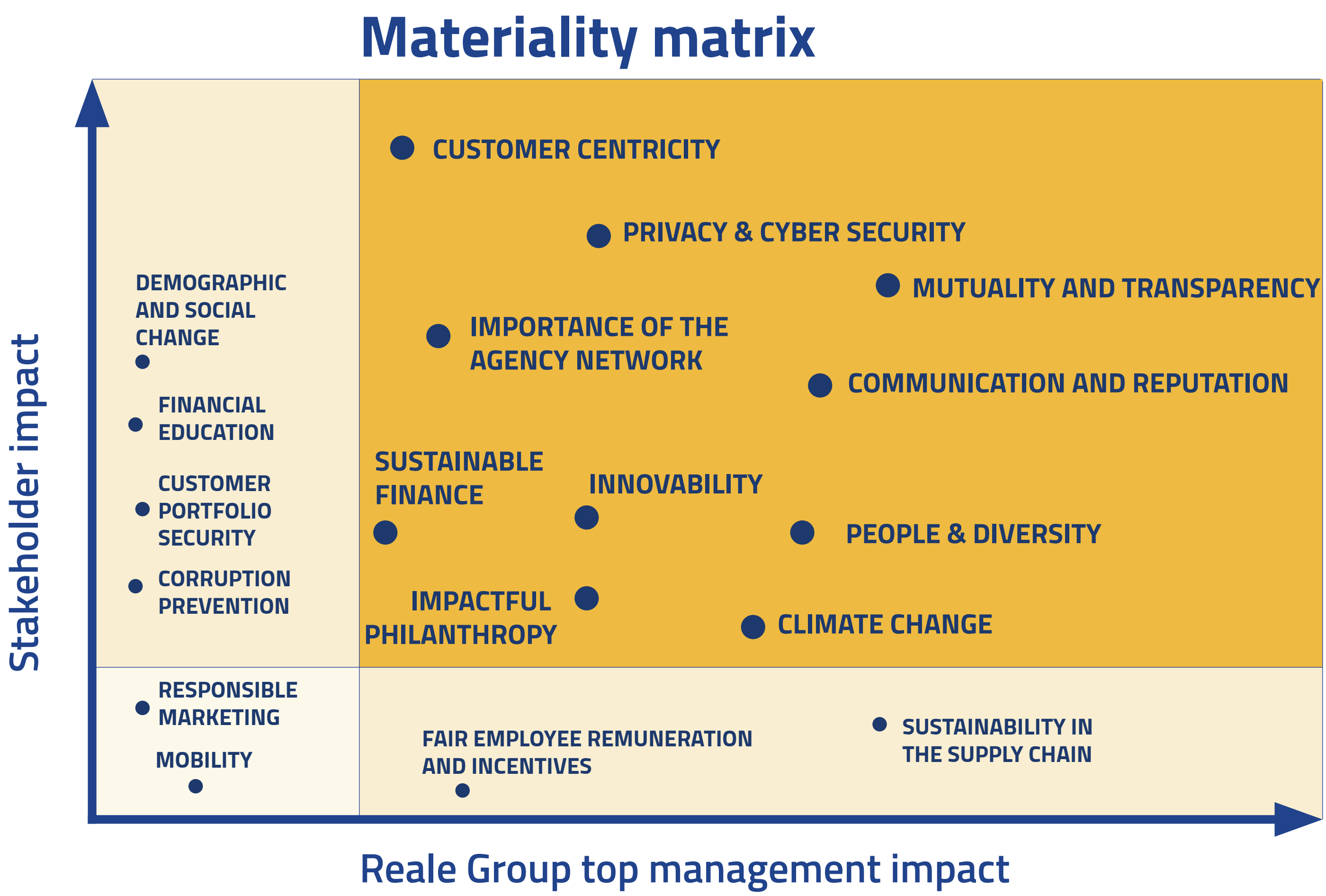
- **Assessment of the importance of each topic to Reale Group and its stakeholders**

  Through internal and external engagement activities, the long list of topics identified was shared with management, the Governance Bodies and Reale Group's external stakeholders. These groups assessed the importance of each topic to the Group and its operations in economic, environmental and social terms, as well as the degree to which it might influence decisions and assessments by stakeholders.

  A vote on the issues was performed using a questionnaire distributed via the Survey Monkey online platform. 1250 people took part in this stakeholder engagement activity.

  The stakeholders are identified in the Group's Code of Ethics, approved of by the Board of Directors of the Parent Company: Management, Employees, Insured Members/Customers, Intermediaries, Suppliers/Trustees, Community, Shareholders, and Public and Supervisory Authorities.

- **Preparation and approval of the materiality matrix**
  Consolidation of the results obtained made it possible to draw up the new Reale Group materiality matrix.



In particular, based on the points assigned, the topics were mapped onto a Cartesian coordinate system, with the value assigned to each topic by Reale Group Management shown on the X-axis, and the value assigned by the stakeholders indicated on the Y-axis. Having established a "materiality threshold", the material topics identified were those that appear in the top-right area of the matrix. These are considered material topics by both Reale Group Management and stakeholders.

For the purposes of understanding the document, then, it should be noted that all material topics included in the matrix are covered in the non-financial disclosure.

Furthermore, certain changes have been made in relation to the topics covered in the 2017 and 2018 Non-Financial Disclosures, which have led to the names of the topics being revised, and enhanced consideration of their content:

- Centrality of Members/Policyholders-Customers -> Customer Centricity
- The valorisation of human resources in Reale Group-> People & Diversity
- Donations management-> Impactful philanthropy
- Innovation and internationalisation-> Innovability
- Environmental Performance-> Climate Change.

The new materiality analysis also identified certain new and significant issues: Privacy & Cyber Security, Communication and Reputation and Sustainable Finance.

Mutuality and Transparency, principles that have informed the Reale Group's way of doing business for more than 190 years, are covered in a broad-reaching way throughout the document.

The Governance System, internal control and risk management, supply chain management and corruption prevention, though no longer included in the materiality matrix, are covered by the document, as requested by Italian Legislative Decree 254/2016.

The Group Management Committee approved the matrix on 12 February 2020.

Each material topic is developed both within and outside the Reale Group, depending on its importance to the different categories of stakeholders.

7. RELEVANT MATERIAL TOPICS

The topics identified by the Reale Group are the result of a materiality analysis and stakeholder engagement activities performed in 2019. Results in order of importance are listed below :

- MUTUALITY AND TRANSPARENCY;
- COMMUNICATION AND REPUTATION;
- CUSTOMER CENTRICITY;
- IMPORTANCE OF THE AGENCY NETWORK;
- PRIVACY & CYBER SECURITY;
- PEOPLE & DIVERSITY;
- INNOVABILITY;
- CLIMATE CHANGE;
- SUSTAINABLE FINANCE;
- IMPACTFUL PHILANTHROPY.

As regards reporting areas required by the Decree, environmental aspects are covered by the "Climate Change" topic, the topics relating to human resource management, included measures implemented for guaranteeing gender equality, the methods used for dialogue and exchange with the social partners and information on health and safety are included under the topic "People&Diversity".

Aspects concerning actively and passively combating corruption are included under the "Organisation and Governance Model" topic, while social aspects are covered extensively under the remaining material topics.

Regarding the topic "Respect for human rights", provided under the Legislative Decree, Reale Group adopted the UN Global Compact in 2017, sharing its principles, among which, those relating to Human Rights (Businesses should support the protection of universally proclaimed human rights within their respective spheres of influence and ensure they are not complicit, even indirectly, to human rights abuses).

Moreover, Reale Group collaborates with UNHCR (United Nations High Commissioner for Refugees), the United Nations Refugee Agency, to run the Powercoders project and set up a voluntary company plan aimed at providing IT training to refugees in the Turin area.

The "Impactful Philanthropy" topic is covered in the paragraph on the Reale Foundation, while Mutuality and Transparency" are covered in detail in Chapter 2. Reale Group identity and values.

As regards direct environment impacts, an exception is made for management of water resources, which the Group has deemed insignificant due to its specific nature and its business. Water usage for the Group refers exclusively to sanitary and hygienic water use at the sites of the Group Companies and technological uses, for example, in conditioning and fire-fighting systems; considering the amount of water consumed, the type of use made and the geographic location of our offices, impact on water resources was considered negligible.

7.1 COMMUNICATION AND REPUTATION

Clear, effective, regular and tailored communication, in terms of both the channels and the language used, will enable us to promote the development and dissemination of inclusive, innovative and sustainable business models, and to translate principles of mutuality, making them more easily understandable.

Communications are handled in various ways at Reale Group. These methods must be carefully selected based on the target audience, i.e. the recipient of the message and the objectives pursued.

A Coordination Committee has been set up to coordinate activities, guarantee coherent communication, and reputational robustness. It participates in periodical round tables, which also involve company divisions and all Companies in the Group.

As required by Italian Legislative Decree 254/16 for each material topic, the risks and actions implemented to mitigate them and the presence of reputational risk, if any, are outlined. The arrows in the final column indicate the changes compared to 2018.

Description of the risk identified by the division in charge	Oversight methods identified by the division in charge/ owner	Risk identified by the owner	Is a reputational risk identifiable for owners?	Assessment of the risk identified by the owners
Inconsistent coordination of activities and disorientation for those required to interact with contact people other than those established by the Press Office.	• Assessment by the Institutional Communication division and the Press Office, in close contact with General Management of the Parent Company. • Involvement of the Organisation department, providing a reminder of the internal procedure for proper communication.	LOW	YES	←→
Providing messages that are not very transparent and clear, or an image that is not in keeping with the strategic objectives set out by Top Management.	• Performing an assessment of the subject covered by the correspondence, including with the help of the competent Managers. • Providing a document containing the information to be disclosed, determining the methods deemed most appropriate based on the regulations and the company's ethics policy.	MEDIUM	YES	←→

Negative impact on the reputation of the group's brands and decline in the effectiveness of marketing activities.	• Constant monitoring and alignment with the self-regulation code. • Periodic monitoring of brand reputation and the qualitative elements of brand perception.	MEDIUM	YES	
Reputational risk associated with the content of the communication and complaints via Social Network.	• Specific procedures for managing complaints via Social Networks. • Social Media Policy for employees.	MEDIUM	YES	←→
Risk of poor brand recognition.	Application of company policies.	LOW	YES	
Wrong approach taken in communication campaign.	• Adequate segmentation of communication campaigns, identifying the specific audience to be addressed on each occasion. • Launching campaigns with appropriate content, tailored to the target audience in question. • Surveys to identify the effectiveness of the message conveyed by each campaign and evaluation by the recipient of the same.	MEDIUM	YES	←→
Reputational risk associated with Agencies developing marketing materials not shared with head office, meaning that the various departments and the legal team do not necessarily perform checks.	Continue to check and updated the Agencies' marketing materials by establishing synergies with the same.	LOW	YES	

Compliance Risk - risk of producing products that do not conform to standards	Preparation for each new product of a sheet specifying and assessing regulatory compliance requirements that affect the product from a technical and commercial perspective	LOW	YES	↓
Linking the risks identified by the owners to Macro check list				
Operational risks - Processes - Alignment of objectives - Communication - Product/service defects - Data Quality				
Strategic risk - Indirect or second level risk - Reputational risks - Brand erosion - Sustainability (incorrect policy, objectives not achieved)				
Legal non-compliance risks				
Indirect or second-level risks - Reputational risks - Brand erosion - Sustainability (wrong policy, objectives not achieved)				

Institutional communication

Given the ongoing and intensive increase in means of communication and tools that enable communication among people and institutions, Reale Group has tasked a single dedicated division of the Group with handling all contact with the mass media (local, regional, national, specialist press, digital publications etc). This division, known as the Press Office, works under the General Administration Department, under General Management of the Parent Company.

The purpose of consolidating such communications is to ensure comprehensive information and to carry out careful advance checks of all material published by the press or broadcast on the television/radio in relation to Companies in the Group. Only those working in the aforementioned division are authorised to deal directly with the mass media as an official, authoritative and credible source of company information.

Internal policy and procedure for managing company dealings with the mass media

A broad-reaching procedure is in place for managing dealings with the mass media, setting out:

- the operational methods to be followed whenever one is contacted by a journalist/correspondent or if one needs to contact a journalist/correspondent to disseminate news concerning the companies in the Group;
- the company figures authorised to deal directly with journalists/reporters/correspondents and the rules of conduct established.

This procedure is available on the Reale Mutua intranet and applies to Italian companies in the Group and to Reale Foundation (for communications within Italy).

Brand Communication (GRI 417-2 e 3): in keeping with the previous two-year period, no episodes were identified of non-compliance in terms of product and service informational materials or marketing communications.

Brand communication is key to the positioning and reputation of Reale Group and its Companies. Implementing a communications strategy involves making use of means of mass communication, national and local sponsorship, social networks, marketing tools and sales outlets.

The Group Communications Strategy supports the 2020-2022 strategic guidelines and is in line with the values set out in the Reale Group Code of Ethics.

The applicable regulatory document is the COMMERCIAL COMMUNICATIONS SELF-REGULATION CODE. (https://www.iap.it/codice-e-altre-fonti/il-codice/).

The Group Brand Communication and Social Media Division is a division of the Group that works with all company management departments, gathering information on the needs of the Companies and implementing appropriate strategies and actions.

Furthermore, in order to guarantee compliance with the Group Guidelines and Brand consistency, it coordinates all communication divisions on both an Italian and an international level, establishing periodic coordination committees.

The main assessment parameters are:

- for advertising communication:
  - Brand Awareness among end customers and across the intermediary network;
  - Brand Reputation;
- For sponsorships:
  - Brand Association;
  - Leads;
- For Social Media:
  - Fanbase;
  - Engagement;
  - Site clicks

Finally, a reputational-risk detection model is being implemented.

The goal for the 2020-2022 period is to create a strategic communications plan for the Group, covering the following topics (heavily trending today in the Communications sphere, but always part of the mutualistic principles and values of the Group):

- SUSTAINABILITY
- INNOVATION
- PEOPLE CENTRICITY

while at the same time maintaining a strong focus on the group values: People Centricity, Innovation, internationalism and transparency.

Communication with Member-Insureds/Customers

The Group Brand Communication and Social Media department prepares marketing materials in relation to products and campaigns and local events run by Reale Mutua Agencies. The material is produced and distributed by e-mail, at events, in hard copy and using internal displays at the Agency premises. As such, it is regarded as important in terms of reputational impact.

The goal for 2020 is to increase customer involvement, to give them a voice on certain decisions concerning sustainability (including the development of sustainable products).

Internal communications

Today, internal communications play an important role in informing and engaging a group that represents one of the key stakeholders in terms of developing the core activities of the company: employees. They are also essential to preparing a Strategic Plan, fostering a positive and stimulating environment for everyday activities.

Oversight of these activities is entrusted to the "Communication and Engagement" office. Under the direct management of the Human Resources department, and specifically the Change Management division, this office emphasises the impact of the cultural change required in a constantly evolving social and market context.

The division has a broad-reaching scope, across the entire Group, and serves as a point of reference for centralised communication. It provides support to the individual companies, working with them in the initial stages of various projects to pinpoint their communicative needs and identify the best modes of expression.

The concept of "customer centricity" increasingly requires consistent management of internal and external customers, employing equal attention and tools appropriate to the specific purpose.

Internal communications therefore serve a dual purpose. On the one hand, they help employees work effectively and in a manner consistent with company trends and the strategic plan guiding the Company's activities. On the other, they aim to increase employees' participation in Group transformation processes, involving them and empowering them to make the most of all opportunities for professional and personal growth provided to them. The importance of this division, then, lies in the fact that inadequate or inconsistent communication can slow down and hinder these processes, negatively affecting employees' motivation and involvement, and ultimately making it more difficult to achieve the objectives set.

The division uses various tools to reach all employees and consolidate the pre-established objectives. The most recent and impactful of these is Really, the new Group digital workplace offering an informational tool, application and social network in a single platform, with an interface shared by the various Companies in the Group. It seeks to develop a more consolidated and coherent group culture, while at the same time offering the opportunity to customise the interface to best suit the concrete needs of the individual application.

Digital signage, events and the house organ are just some of the tools used to communicate with and engage employees. These methods are coordinated and made consistent within the ecosystem generated by the Group Strategic Plan, once again responding to or anticipating the evolutions in the relevant context, on a company- or market-level.

The Group values underpin the daily activities of its employees and are set out and summarised in the Code of Ethics. They require responsible use of communicative tools, with a view to fostering the development of those who work in the various departments and represent the company in dealings with third parties.

Reputation

In the context of Solvency II, the European Community defined reputational risk as "the risk of potential losses for a business caused by a deterioration in its reputation or reliability, due to a negative perception of the company among its customers, counterparts, shareholders and/or supervisory authorities" (see advice of CEIOPS / EIOPA for Solvency II – doc. 29/2009).

In the Italian context, reputational risk has been defined by IVASS as "risks of deterioration of the company image and increased potential for conflict with insureds due, among other things, to the poor quality of the services provided, placement of inadequate policies or conduct during the sales, post-sales and claim-handling processes"

The Reale Group reputation is defined as a combination of expectations, perceptions and opinions held by its stakeholders as regards its qualities, characteristics and conduct. It is fundamental for an organisation to protect its reputation, as the latter represents one of its intangible assets. Together with other resources, it is a key factor in determining its competitive advantage and economic performance.

Reputation is built up over time, based on the experiences and opinions of all stakeholders. It is based on the conduct and actions actually engaged in by the organisation, as well as the services provided.

Reale Group regards reputation as an asset to be protected over time, by disseminating, sharing and complying with the principles and values contained in the regulatory materials referred to in this document, including the Code of Ethics and Group Regulations. The latter are essential tools that guide the work performed by the Companies and individuals in pursuing the corporate objectives, through proper, fair and consistent methods and conduct. The corporate culture is influenced by the mutualistic nature of the Parent Company. Reale Group undertakes to work in the interests of stakeholders, in accordance with specific procedures concerning decision-making and traceability of those decisions, reporting mechanisms and compliance with ethical and professional best practice. This involves refraining from conduct aimed at achieving personal advantage, including avoiding actual or potential conflicts of interest. It also involves active and fair engagement with the market (see marketing campaigns and sponsorship with specific social objectives), in compliance with internal and external standards, regulations or codes of conduct (see, for example, policies concerning assessment of employees to verify that they meet fit and proper requirements in terms of honourability, professionalism and independence, and remuneration policies in relation to company bodies and personnel in accordance with IVASS Regulation no. 38 of 3 July 2018 regarding governance systems).

The most significant sources of reputational damage to an organisation include illegal, unprofessional, non-transparent or improper conduct, as well as breaches of standards, regulations or internal or external codes of conduct, as well as any cyber-security incidents. This is very topical, because any IT security breaches could have very negative impacts on the reputation of the company.

7.2 CUSTOMER CENTRICITY

Reale Group believes that closeness, loyalty and dedication mirror the concept of mutuality which, in turn, responds to the need for establishing a strong link of commitment between the company and the local areas nationwide.

In 2018, Reale Group put specific guidelines in place in relation to the centrality of Members/ Customers-Insureds. This document was approved by the Group's Management Committee in December 2018 and later on was brought to the attention of the Boards of Directors of the various Group member companies for information purposes.

The pillars of Reale Group's member/policyholder-customer centrality strategy are:

- Listening to customers: detection of the problems encountered by the member/policyholder-customer in each single moment of the relationship, as a tool to identify improvement solutions and define products and services that can help our members/ policyholders-customers solve problems and obtain the benefits they seek;
- Culture: customer centricity is a process in which all internal and external stakeholders are involved, and this is why the customer-centric culture should be disseminated at all company levels through engagement mechanisms;
- Mapping the Journey: mapping the moments of contact between the Group and the member/ policyholder-customer;
- Data architecture: a customer-centric view of Group data as a customer centricity enabling factor;
- The indicators: supplement technical and business indicators with specific indicators that measure the quality of the relationship and help the Group identify the needs and expectations of members/policyholders-customers;
- Design thinking: using the test&learn approach to test out with members/policyholders-customers innovative solutions that improve the experiential learning curve.

The strategic stream focusing on Customer Centricity in the 2020-2022 Reale Group Guidelines has the following objectives: to customise our product and service offerings, making them excellent and enabling members/customers-insureds to select their preferred channel at the various points of contact, while increasing the Customer culture at all levels of the company.

The main modes of action involve:

- Identifying strategic segments to target in terms of excellent customer experience;
- Developing new interaction and offer/service models;
- Redesigning key customer journeys;
- Listening to Customers/Members and establishing the relevant metrics (NPS);
- Launching a Change programme.

In 2018, Reale Group launched a programme of listening to the "Customer Voice", aimed at improving the customer experience at all stages of interacting with Companies in the Group and local Agencies.

Each time a Customer-Member interacts with Reale Group at a specific touch point, they receive a feedback request by e-mail, asking "on a scale of 0 to 10, how likely are you to recommend the company to friends and/or colleagues?" This quantitative question is combined with a qualitative question that seeks to identify the reasons behind the score given.

The results of these surveys help us identify the moments of dissatisfaction and the moments of value experienced by our Customers. With regard to the former, the Reale Group implements a broad-reaching process across all relevant areas of the Company, with a view to working promptly to improve the experience of our Customers.

To date, the Reale Group has contacted more than 200,000 Customers and is engaged in ongoing collection and analysis of Customer feedback at all of the most significant contact points in terms of interacting with the Group. The results of the Customer feedback collected – as well as contributing to improving the experience – serve to confirm the overall satisfaction of our Customers. More than 93% of Customers state that they are satisfied with their relationship with their Company, with interactions with intermediaries and claim handling emerging as specific areas of excellence, leading to satisfactions scores of more than 8/10 across the process.

To ensure that we are listening to our members/customers, a Guarantee Committee has been established for Reale Mutua and Italia Assicurazioni. The impartial body serves to resolve any disputes with the Company by way of a quick procedure involving minimal formalities and no cost to the Insureds. It consists of three legal experts of good standing who have no professional relationship with Reale Mutua. Recourse to this Committee can be made by natural persons (for up to EUR 60,000), and associations and companies (for up to EUR 160,000).

The regulation governing the Guarantee Committee for Insureds, in is last release, was approved by the Board of Directors of the Reale Mutua di Assicurazioni Company at its meeting on 28 April 2014 and ratified by the Board of Directors of Italiana Assicurazioni S.p.A. at its meeting on 21 May 2014.

As required by Italian Legislative Decree 254/16 for each material topic, the risks and actions implemented to mitigate them and the presence of reputational risk, if any, are outlined. The arrows in the final column indicate the changes compared to 2018.

Description of the risk identified by the division in charge	Oversight methods identified by the division in charge/ owner	Risk identified by the owner	Is a reputational risk identifiable for owners?	Assessment of the risk identified by the owners
The possibility of Reale Group failing to detect consumer needs soon enough;	A Customer Experience unit was established.	HIGH	YES	↓
The possibility of Reale Group failing to promptly identify innovations trends and quickly reach a specific market target;	A dedicated organisational division was established.	HIGH	YES	↓
Loss of customers due to inadequate touchpoint management throughout the value chain and unsatisfactory levels of internal service.	• A Customer Experience unit was established. • Customer satisfaction surveys were developed, asking customers to indicate their satisfaction level, identifying critical touchpoints and developing appropriate actions to improve customer satisfaction.	HIGH	YES	↓
Loss of Customers because their expectations were only partially met.	A Customer Experience unit was established.	HIGH	YES	Reale Mutua ↓ Italiana Assicurazioni ↑
Loss of customers due to non-performance or incorrect data in relation to IT, management and interaction systems.	• Periodic analysis of customer satisfaction, through surveys asking customers to indicate their satisfaction level, identifying critical touchpoints and developing appropriate actions to improve customer satisfaction. • Use of the Banca Reale complaints department.	HIGH	YES	Reale Mutua Italiana Assicurazioni ↑

Failure to identify, and then develop, appropriate and personalised products meeting the needs and service level expectations of current and future customers (offer-related risk).	• Periodic monitoring of new regulations and updates regarding the market and competitors, and constantly checking in with distributors regarding the adequacy of the offer. • A more comprehensive product catalogue than in the past. Periodic monitoring of the market and use of ABI working groups in relation to Banca Reale.	HIGH	YES	Reale Mutua ←→ Italiana Assicurazioni ↑
Risk of lack of transparency.	• "Simple and clear contract" project management. • Unit dedicated to managing transparency at Banca Reale.	HIGH	YES	←→
Failure to comply with contractual SLAs.	A set of monitoring tools has been identified, and a project was launched to establish KPIs for services.	HIGH	YES	←→
Excessive management costs compared to the market average.	Provided for in the risk mitigation action plan	HIGH	NO	
Loss of quality certification (Blue Assistance)	Establishment and compliance with company processes for certification renewal.	LOW	YES	←→

Linking the risks identified by the owners to Macro check list

Strategic risks: Strategic business planning
Operational risks: Processes - Customer/Insured Satisfaction - Alignment of objectives
Risk of non-compliance with standards - development and distribution of new products
Indirect or second-level risks - Reputational risks - Brand erosion - Sustainability (wrong policy, objectives not achieved)

Of the many products in our catalogue, those with the clearest social components include:

- **Reale Mutua insurance plan (third-party liability and accident cover)**; for Voluntary Association operators (Third Sector Organisations). Volunteer insurance cover is an essential prerequisite for inclusion on the National Single Register for the Third Sector, as current regulations state that voluntary organisations must insure their volunteers against accidents and illnesses associated with performing the activities in question, and have a third party liability policy in place
- **TESEO** is the Open Pension Fund, established by Reale Mutua, which welcomes both individual and collective membership. It gives members access to a supplementary pension at the end of their working lives, allowing them to benefit from significant tax savings at the time of paying their contributions, and favourable tax treatment on earnings and benefits received.

The Fund offers the option of investing across four different Lines, based on risk appetite, or to choose from two pre-set investment profiles. A distinguishing feature of FPA TESEO is the ethical approach taken by all of its investment departments. Banca Reale, tasked with financial management of the Fund, in terms of choosing the securities to invest in, works according to selection criteria identified by an independent ethical advisor, who developed a specific assessment method involving selecting "eligible" companies based on whether or not they pass a screening process. Investments in tobacco, defence, alcohol, gambling, pornography, nuclear activity are excluded, as are investments in States that have the death penalty and/or that breach fundamental human rights.

- **REALE VIDA RIESGO**: is the only insurance provider in Spain that insures babies and children between 1 and 18 years of age. For babies, the cover extends to the medical costs of treating conditions such as down syndrome and spina bifida (up to €60,000). For children between 1 and 18 years of age, it covers the cost of treating serious illnesses (e.g. cancer, serious burns, coma, muscular dystrophy and other conditions).

The products with environmental impact are:

- **Pedala Protetto from Reale Mutua**: A multi-risk policy that covers cyclists for damage caused to third parties as the owner or cyclist of a bike, for emergency situations that may occur while using the bike and any legal costs incurred to protect his/her interests in cases concerning cycling and ownership of the bike. The insurance can also be extended to cover theft and to cover the cyclist in the event of an accident;
- **Ecologica Reale (EcoWatt)**: An insurance solution covering damage to photovoltaic, wind and/or solar thermal systems. It offers the option to protect against disputes associated with the system, cover for third party losses and the opportunity to handle any legal disputes without concern;
- **Environmental liability (Environmental Liability for Italiana Assicurazioni)**: this product includes three separate policy conditions: "RC Environmental Liability for Inhabited Areas", RC "Environmental liability for activities at third-party facilities" and "Environmental liability for loading and unloading operations". January 2020 will see the launch of the new Environmental Liability product, intended to replace the three versions referred to above. Cover will be reviewed and extended under this new product, and separate services will be added to cover both prevention and emergency response in the event of an incident (not included in the previous products). As specified in the introduction to the policy conditions, the aim of the new product is to:
    - Protect the company's assets and indemnify the Insured, including on the basis of the precautionary principle, in the event of environmental losses or the imminent threat thereof, for all costs incurred in accordance with Section Four Title V "Decontamination of contaminated sites" and Section Six "Rules on compensatory protection against environmental losses" of Italian Legislative Decree 152/2006 and subsequent amendments and supplements;
    - Offering broad cover that includes third-party losses or, in the event of exceptional natural events, acts of vandalism, hacker attacks, fires or pollutants from external sources;
    - In the event of an environmental loss, supporting the Insured to promptly resume its activities, choose the best technical and legal advisors, manage dealings with the various bodies, and take the required action, particularly in accordance with Section Four Title V and Section Six of Italian Legislative Decree 152/2006;
    - Assist the Insured in preventing and better managing the risk of environmental losses, incentivising companies that demonstrate commitment to risk mitigation;

- **REALE AUTO RESPONSABLE**: A Reale Auto product with added benefits provided by Reale Seguros Generales, making it a responsible product in societal and environmental terms, at no additional cost to customers. A portion of the cost of the policy is donated to an NGO, selected from among the Reale Foundation's collaborators.
- **Travel assistance for hybrid/electric car**s includes, in addition to the "standard" travel assistance cover, certain items specifically designed for this type of vehicle. In particular: information on hybrid/electric car repair centres, breakdown assist, on-the-spot interventions and repairs, towing using a wider range of methods and cost limits, vehicle and driver (as an alternative to a replacement car), sending domestic help.
- Banca Reale developed **YouGo! Casa Bioedilizia SAL**: the mortgage dedicated to residential Green Building projects, developed in collaboration with the Bank's partner construction companies.
- **Mynet**: is the online range of services offering insureds, members, customers and employees access to the Blue Assistance healthcare network. This range provides access to the best healthcare and wellbeing treatments, providing optimal efficiency and affordable prices. In 2019, the benefits of this service were available to approximately 700,000 people (including families of the young people who took part in the Dynamo Camp sessions). Blue Assistance ran a prevention campaign between 14 October and 29 November 2019, offering all mynet. blue cardholders a free tartar removal or ablation session at its partner centres. This initiative was open to more than 30,000 people.
- **Prescription Drug Delivery**: Thanks to the agreement entered into with Pharmercure across 13 Italian cities, including Turin and Milan, Blue Assistance has been able to extend the services available to its users, guaranteeing home delivery of prescription drugs. Thanks to the agreements in place with local agencies and other players involved, more than 5,000 people can now request home delivery of prescription drugs.
- **ANIA CARES** by Blue Assistance. Psychological first aid service: this is a trial service that involves establishing a psychological first aid service (100 psychologists specialised in road accident trauma) for direct and indirect victims (first and second-degree relatives) of serious road accidents (where victims experience a high percentage level of disablement). The psychological first aid service is currently dedicated to victims of road accidents. The service can be provided to patients directly involved in the accident or their first and second-degree relatives. It is currently limited to road accidents with "serious" consequences (victims with a percentage level of disablement higher than 80%, or relatives of persons who die in road accidents).
- **Camper** The mission of Blue Assistance is to make life easier for people, always and no matter where they are. As such, Blue Assistance works every day to develop solutions to help customers respond in practical ways to their health needs, using modern, engaging strategies to attract customers to the brand, working across a significant area. The Mobile Clinic embodies these objectives, providing the opportunity to have an effective impact on a community, offering medical checks that respond to users' needs: preventive checks for children, screening for women, thematic courses on a range of medical specialisms. A welfare solution that can be adapted to various contexts: community events, road shows, school or workplace trips. All made possible thanks to the quality and medical excellence of our partner networks.

The experiences organised for our customer Insurance Agencies were significant; they trusted Blue Assistance to care for the health of the very youngest. Over 1200 people received check-ups in 2019, including 700 children across various Italian cities, who attended the clinics at school or during public events in their cities.

The indicator does not currently apply to Reale Seguros Chile.

Independent KPI: More than 12,000 Members/Policyholders-Customers have purchased sustainable products*.

7.3 IMPORTANCE OF THE AGENCY NETWORK

Reale Group's strategy focuses on providing standard insurance services aimed at increasing the profitability of the portfolio while always striving for technical excellence, in order to improve the core business margins and support sustainable development through the centrality of our distribution networks.

Reale Group has always considered its agency network as having a key role to play in its strategies. A strong partnership whereby the Agent is the protagonist of the distribution system and the main contact channel towards members/insureds-customers.

The ties between the Group and its agency network are inspired by the principles of sharing, closeness and sustainability of a business that has always primarily focused on people and the enhancement of the territory.

Thus, the traditional channel is to be viewed as the most important, both in terms of closeness and support to the needs of members/insureds-customers, and in terms of premium collection.

The aim is always to maintain the value of the relationship established over the years between the network and the Group, to enable the agents to look to the future with the serenity that comes from being able to rely on a solid, excellent partner, with whom they can exercise their role as professional agents in a continuously evolving reality, in the service of customers to whom they offer expertise, commitment, loyalty and support.

In general, Reale Group seeks to guarantee its sustainability and competitiveness, and that of its agents, over time. This involves developing products, cover and services that ensure sustainability over time, consolidating the collaboration between the Group and the Agency Network. This includes recognising their needs and looking for solutions to support the convergence of interests, promoting and endorsing the brand and adopting insurance intermediary remuneration policies that are consistent with sound and prudent risk management and in keeping with the strategic objectives and the long-term technical equilibrium of Reale Mutua Assicurazioni.

*Number of customers in terms of Reale Group Product/Cover/Service (of a social nature): 18 in Italy, 873 in Spain. Number of customers in terms of Reale Group Product/Cover/Service (of an environmental nature): 4,912 in Italy, 5,515 in Spain.

As required by Italian Legislative Decree 254/16 for each material topic, the risks and actions implemented to mitigate them and the presence of reputational risk, if any, are outlined. The arrows in the final column indicate the changes compared to 2018.

Description of the risk identified by the division in charge	Oversight methods identified by the division in charge/ owner	Risk identified by the owner	Is a reputational risk identifiable for owners?	Assessment of the risk identified by the owners
Diversification of the distribution arrangement	• Segmentation of the sales network based on distribution needs and distance from the end customer. • Establishment of a Distribution Management team that separates the sales networks into banks and partnerships and agent networks and brokers (agile, high potential and segmented). • Establishment for Italiana Assicurazioni of a broader more diversified distribution model consisting of over 1200 intermediaries.	HIGH	YES	Reale Mutua Italiana Assicurazioni ↑
Loss of customers due to the increasing trend for the market to move online.	• Omnichannel strategy that involves a new online intermediary sales model for Reale Mutua. • Residual intermediary contracts for online channels for Italiana Assicurazioni	HIGH	YES	Reale Mutua ←→ Italiana Assicurazioni ↓
Difficulty in striking the right balance between the "human contact" typical of the Member-Customer and Agency relationship and the more innovative approach associated with the new processes/ technologies	Specific training activities for the distribution network.	MEDIUM	YES	

The advent of new more versatile aggressive competitors that could put pressure on the portfolio and the profitability of the network of Reale Group.	Developing of a new consultancy-based approach; it will enhance the customer's appreciation for the value of the relationship with the company and its closeness on the territory	MEDIUM	YES	
The complex task of managing major changes in the regulations while seizing the opportunities arising from this without incurring in an increase in red tape;	Defining a structured change management plan with a strong training component, with a view to fostering a gradual but continuous cultural change, where both the regulatory and the digital spheres are concerned;	MEDIUM	YES	
Cultural resistance to the progressive digitisation of agency processes, which aims to minimise low value-added administrative activities;	Development of listening tools to measure the satisfaction or the agency network	HIGH	YES	↑
Inability of the Reale Group and its agents to respond to the rapidly evolving needs of their customers	Establishment of a Customer Experience division that aims to modernise the core processes of the Group to best satisfy Customers' changing needs	HIGH	YES	←→

Linking the risks identified by the owners to Macro check list

Strategic risks: Operational risks: Processes - Alignment of objectives - Agent and broker fraud
Legal non-compliance risks: Indirect or second-level risks
Reputational risks - Brand erosion - Sustainability (wrong policy, objectives not achieved)

In 2019, the Reale Group decided to begin monitoring the number of agencies that sold sustainable products over the course of the year. These are defined as those with a significant impact on society or the environment. This data is collected with a view to launching a monitoring trend that aims to progressively increase the practice of selling sustainable products, taking into account the differences between the three Countries where the Group operates. The data does not currently apply to Reale Seguros Chile.

Aside from the normal adherence restrictions, no products/services exclude specific markets or categories of consumers on an a priori basis.

Number of Agencies in relation to Reale Group Product/Cover/Service (of a social nature)
2,022

Number of Agencies in relation to Reale Group Product/Cover/Service (of a social nature)
808

Below is a breakdown of the Reale Group insurance company distribution network as at 31 December 2019.

The development of Reale Mutua distribution channels led, over the course of the year, to an agency network that, as at 31 December 2019, included contracts with 354 agencies, with 565 agents/persons responsible for insurance distribution activities. As well as the agencies under contract, there are 4 management entities and an employment agency.

Italiana Assicurazioni operates based on a physical and multi-channel distribution model that, as at 31 December 2019, included a total of 1,199 intermediaries.

In order to distribute its products, Reale Seguros and Reale Vida have a network consisting of 398 agencies, 3,352 brokers and 55 branches, distributed across the Spanish provinces.

As regards the Chilean Reale Chile Seguros company, in accordance with its business plan, it continued to increase its presence outside of the metropolitan area of Santiago del Chile in 2019, opening new branches. In particular, its distribution network consists of 6 agencies spread across Chile, and a central headquarters in Santiago del Chile.

7.4 PEOPLE & DIVERSITY

The concept of diversity involves understanding each individual's identity, recognising and appreciating differences in terms of race, ethnicity, gender, sexual orientation, socio-economic status, age, physical abilities, religious beliefs, political creed and other ideologies. It also means going beyond mere tolerance, to make the most of the rich dimensions inherent in the diversity and identity of each individual.

In 2019, Reale Group collaborated, including via the Reale Foundation, with the UNHCR (United Nations High Commissioner for Refugees), on activities to promote inclusion and integration of refugees, in the workplace and in society:

- POWERCODERS project;
- corporate volunteering with Turin's Mosaico association (a non-political, non-partisan social development association, founded in 2006 in Turin by a group of refugees from different Countries) involving management of the Listening Desk and basic IT training;
- collaboration to select a refugee candidate to join the Reale Mutua team as an intern.

For the first year, the material topic concerning personnel is presented in a holistic way, to demonstrate compliance with the provisions of the Decree and the GRI, but above all from a

Diversity perspective.

As specified in the Code of Ethics, Companies in the Group promote and support a culture of equal opportunities, making the most of their employees in a manner consistent with the values of the company and changes arising from organisational evolution, as well as by implementing human resource policies that avoid discrimination and prejudice. The Group's companies recognise employee benefits envisaged by the Supplementary Company Agreements, aimed at facilitating the conciliation of family/work balance, supporting employee income, guaranteeing forms of social security and assistance, supplementing the public system, promoting prevention and health care activities for employees and their families.

In the course of 2018, Reale Group issued a specific Group guideline on personnel-related topics, as evidence of the commitment and attention it has always devoted to the development of its human and professional capital, knowing full well that the key to success lies in being able to rely on skilled, motivated collaborators who share the values set out in the Group's Code of Ethics and feel personally valued and a "part" of their company.

The main objectives of the guideline are:

- To support the competitiveness of Reale Group, anticipating the impacts of trends on our personnel, managing change and allocating funding to hire new professional profiles;
- To support our young and expert talents, to create the international leaders of the future;
- To improve our recruiting policies to select high-quality, flexible personnel, capable of managing the future;
- To protect core skills through competitive remuneration policies and development plans;
- To promote diversity across the Group, based on diversity in general, by introducing development plans dedicated to key HR processes;
- To create an experiential path for personnel that meets the expectations of Millennials, Generation X and Generation Z, which is monitored and able to evolve (smartworking, continuous feedback, an ecosystem of benefits associated with welfare, a focus on objectives).

This document was approved by the Group's Management Committee in December 2018 and later on was brought to the attention of the Boards of Directors of the various Group member companies for information purposes.

The strategic stream concerning the People topic included in the 2020-2022 Reale Group Guidelines has the following objectives:

- To support the competitiveness of Reale Group by anticipating the impact of trends on the workforce;
- To protect our "core" skills and hire new profiles and skills;
- To promote an organisational culture of diversity and inclusion, beginning with a gender mix;
- To cultivate our talent, through engagement with an international culture;
- To create paths that are monitored and constantly evolving, and ways of experiencing the company that are aligned to the preferences and expectations of the new generation (Gen. X, millennials, Gen. Z).

The main areas of actions include:

- Transformation of the workforce;

- Inclusion and Employer Branding;
- Attraction/Recruitment/Hiring;
- Training:
- Talent development and management;
- Performance management;
- Internal communications;
- Incorporation of artificial intelligence and robotics into low added-value processes.

These policies apply on a 360-degree basis to all Reale Group employees, all of whom are qualified personnel, and most of whom are hired under contracts of indefinite duration, as shown below. The Group outsources certain activities to external consultants, applying the same work protection guidelines and seeking to also spread best practices to third parties.

Over time, Reale Group has built, together with its main stakeholders, for example, trade union representatives at the Company, an ecosystem of services for its employees which are fully comprehensive and include healthcare assistance, mortgages, child-related services and, via Cral, also recreational services, without forgetting psychological support for those in need and, finally, classic investments in learning and professional development.

This model has been the distinctive feature of the Parent Company for more than 190 years, permitting it to take up the gauntlet of new challenges which are emerging in the social and business world: rapid technological changes, longer life expectancy, a streamlined welfare state, major transformation cycle acceleration of trades and skills, generational turnover, the need to increase employability and the need for greater life-work balance.

For tackling these challenges, the Group is investing in commercial office space, technologies, new working modes, managerial skills and ongoing professional learning, as well as in services for its employees which all target the conversion towards the smart organisation, travelling along a sustainable path, for all stakeholders and, specifically, employees.

Before long, robotics and artificial intelligence will radically change the distribution of tasks within organisations but, for this very reason, the "human factor"– the "human touch" – will be the main lever driving competitive advantage and, it will be people, here, with their preparation, motivation, ethics, culture, values and passion making the difference and who will be at the core of our HR strategy.

As required by Italian Legislative Decree 254/16 for each material topic, the risks and actions implemented to mitigate them and the presence of reputational risk, if any, are outlined. The arrows in the final column indicate the changes compared to 2018.

Description of the risk identified by the division in charg	Oversight methods identified by the division in charge/ owner	Risk identified by the owner	Is a reputational risk identifiable for owners?	Assessment of the risk identified by the owners
Decline in employee professional skills and hence in specific know-how in its business areas;	• Definition of task handover modalities designed to enhance employee skills and know-how, as well as development of effective training programmes. • Inclusion of market specifics is also planned.	LOW	NO	↓
Risks associated with the loss of key resources, especially in some professional categories that are currently subjected to strong occupational stressors (e.g., risk managers, actuaries, data analytics experts, customer experience specialists, etc.);	A multi-year action plan has been developed. This plan includes developing specific retention policies focusing on remuneration, targeting professional categories that are in short supply on the market.	MEDIUM	NO	↑
The growing internationalisation of the Group, entails a cultural change from people who are not accustomed of thinking they are part of an international Group, and also the need to make use of professionals who are ready to expatriate	Personnel selection processes are realised, designed to identify people meeting specific requirements and willing to support the internationalisation strategy of the Group.	MEDIUM	NO	↓
Organisational and cultural changes arising from digitisation of the Group and the customer-centricity of the Group management model.	Risk mitigation actions include: • Smart working • Job posting • New office layouts • Digital work place (Really) • Establishment of a digital factory	MEDIUM	NO	↓
Non-compliance risks arising from the incessant evolution of labour laws.	A be-smart training programme is planned.	LOW	SI	
An imbalance in terms of personnel training in the various geographical areas covered by the Group.	Development of a training plan at Reale Chile based on data obtained from a survey carried out in January 2019.	LOW	NO	←→

Decreased efficiency arising from aggressive decentralisation of the work organisational model, particularly in Spain.	A review of the processes has been launched, with a view to automating the activities that are currently decentralised and reviewing the model for allocating tasks to central and peripheral units.	MEDIUM	NO	↓
Diversity: not grasping long-term business needs and opportunities.	The Powercoders project was launched, consisting of a coding programme for refugees.	LOW	NO	↑
Gender diversity: engagement risk (loss of productivity, loss of focus, decrease in contribution and team spirit).	The people stream includes specific policies to balance professional development and growth across the genders.	LOW	YES	
SSLL: If the SGSSL [Occupational Safety Management System] is not up to date, INAIL may not apply the premium reductions	Periodically update the Management System	LOW	NO	←→
SSLL: Compliance Risk	Establish ad hoc procedures/ instructions and provide ongoing information and training to the personnel involved	LOW	NO	
ACADEMY: The risk is that, in the absence of training support, a negative gap may emerge in terms of up-to-date technical, regulatory, mandatory, managerial, behavioural and linguistic skills, that may affect employability.	Identification of a need for training as referred to above makes it possible to map the training gaps to be bridged. Personnel are involved using a range of training methods that are specifically targeted towards activities that meet their needs. Checks are also performed of online course completion and regulatory updates, and periodic reminders are provided at various levels.	LOW	NO	←→

Linking the risks identified by the owners to Macro check list

Operational risks: processes - Alignment of objectives - Human resources - Ability to use/ optimise resources Performance incentives (Reward system)
Strategic Risk - Organisational structure - planning under way
Legal non-compliance risks: health and safety regulations
Indirect or second-level risks: Reputational risks - Brand erosion - Sustainability (wrong policy, objectives not achieved)

OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

403-1 Occupational health and safety management system:

As a tool to support the company organisational structure, with a view to developing preventive policies and overseeing Health and Safety improvements in compliance with current regulations, the following Reale Group's Italian Production Units : Reale Mutua Assicurazioni, Italiana Assicurazioni, Banca Reale, Reale Immobili e Blue Assistance, adopted an Occupational Health and Safety Management System (SGSSL) in 2010, in accordance with international standard BS OHSAS 18001:2007, currently being updated to comply with the new UNI ISO 45001 standard.

The SGSSL applies to the organisational structure for the aforementioned Production Units, the activities of their workers (wherever they are working), to the relevant workplaces and to suppliers and guests visiting the relevant spaces (legally available to them).

It is important to underline that the Occupational Health and Safety System in Italy was established in 2010, but dates back to 1995; that is when Italian Legislative Decree no. 626 of 19 September 1994 was introduced (the famous "626/94 Decree"), which was then replaced by Italian Legislative Decree 81/2008, the so-called TUSL (Consolidated Health and Safety Act), incorporating a significant amount of case law in relation to the original legislation. Italian Legislative Decree 626/94 implemented 18 European Directives concerning improvement of worker health and safety, at that point establishing a safety risk assessment system, health monitoring, etc.

Those same directives were also implemented in Spain, with Ley 31/1995 of 8 November, which entered into force on 10 February 1996, providing more or less the same protection.

Reale Chile Seguros Generales S.A., in compliance with the provisions of law 16,744 of the Chilean State on workplace accidents and Art. 153 of the Chilean Labour Code, developed an Internal Health and Safety Policy for its employees, in line with Group policies and for the purposes of regulating labour conditions. The document is provided to each employee when they are hired.

403-2 Hazard identification, risk assessment and incident reporting

The risk analysis process for the Production Units to which the SGSSL applies involves the following steps:

- identifying and analysing the workplaces and tasks;
- identifying the hazards of each task;
- estimating the seriousness of the effects that the hazard could cause, and the probability that those effects will manifest;
- verifying the availability and applicability of technical, organisation and procedural measures to eliminate or reduce exposure and/or the number that may be exposed;
- assessing the residual risk in light of the prevention and protection measures in place;
- planning actions aimed at guaranteeing ongoing improvement of the safety management system.

The aforementioned process is performed by Employers with the support of external Prevention and Protection Service Officers (Responsabili del Servizio di Prevenzione e Protezione esterni - RSPP), who coordinate the internal Prevention and Protection Service and who meet the requirements and have the skills provided for by law.

A specific unit, the Safety Management Division, responsible for overseeing the entire safety management system and ensuring, in collaboration with managers and appointed employees, that the procedures are, also supports employers:

- adequate to enable implementation of company safety policies;
- effective to enable the set objectives to be achieved;
- implemented in accordance with the procedures.

In order to maintain and improve the efficiency of the SGSSL and achieve active participation by all workers, adequate communication flows are ensured and guaranteed through the receipt and analysis of reports of shortcomings, hazards (so-called "near misses") and/or improvement actions from employees and all stakeholders. The aforementioned "bottom-up" communication flow includes reporting and managing employee feedback, observations and proposals. Workers can submit such reports freely and independently to the Workers' Safety Representatives (Rappresentanti dei Lavoratori per la Sicurezza - RLS) who will carry out an initial assessment, or directly to the Safety Management Division (Funzione Gestione Sicurezza - FGS), through verbal requests or over the phone, by e-mail or through shared company platforms (e.g. internal social networks)

With the support of the RLSs, the RSPPs and potentially the Company Doctors or external specialists, the FGS will assess the reports and handle them until the case is closed, engaging the relevant company departments if necessary. If submitting a proposal requires authorisation from the Employers, the FGS will inform the latter who, if they accept the proposal, will provide for implementation of the activities.

Management of the activities performed by the Production Units that adhere to the SGSSL takes account of aspects concerning the health and safety of workers that may lead to incidents, which may or may not involve accidents. Adequate documentation has been drawn up to prevent such situations, and all other workplace circumstances that may cause injury or occupational illness. Such documents include procedures and instructions for managing emergencies. The documentation is distributed to all relevant personnel via the company intranet, direct communication and in hard copy. Personnel at all levels, including personnel from external organisations working at the aforementioned Production Units, are required to abide by the provisions communicated to them.

Potential emergencies are identified following risk assessments, and operating instructions are developed to manage such. These procedures (Emergency plans to protect people) set out and maintain operating provisions intended to prevent and/or contain the effects of any workplace incidents and emergencies.

In order to acquire and maintain the skills required to promptly respond to emergencies, company personal are provided with specific information, training and drills.

The Group also has a worker information and training programme in keeping with current regulations, the size of the Production Unit, the number of employees and the type of specific risks. This programme determines the type of information and training to be provided and its frequency.

The information and training is provided to all workers in order to comply with regulatory requirements, based on their role, and in order to establish a culture of safety within and outside the workplaces (including at home, for example), with additional training to supplement that required by law (e.g. webinars, workshops, information sessions on specific issues or risks, etc.).

One of the objectives of the specific SGSSL adopted is to highlight potential non-conformities that may give rise to hazards or potential incidents, determining their causes and the actions required to eliminate or reduce them. From that perspective, management of health and safety anomalies (accidents, near-misses, hazardous situations and/or behaviours) is a key prerequisite for workplace health and safety improvement actions, aimed at minimising the risk of accidents.

The Production Units to which the SGSSL apply undertake to monitor near-misses and hazardous situations, as well as events that lead to accidents, and to monitor and prevent events that may cause accidents and harm to health. To that end, a process is in place to verify and manage actual and alleged anomalies. This involves recording the anomaly, determining the causes in order to establish adequate preventive or improvement actions to address the potential risk, verification of the results and review of such by Employers on at least an annual basis.

At the time of the aforementioned review, which takes place around the middle of each year, the Supervisory Bodies of the Companies in the Group, established under Italian Legislative Decree 231/2001, are called to update them on the state of implementation of the SGSSL. At these meetings, they are provided with the information set out above, any critical issues identified, the goals reached and the general programme for the year of the meeting.

The actions undertaken are documented and monitored in order to guarantee their resolution and effectiveness. Responsibility for their implementation is assigned, and completion deadlines are set. Anomalies may be identified following incidents and reports by internal or external personnel to the Production Units, or following particular events (e.g. evacuation drills, audits, etc.), and are managed using specific forms prepared by the Safety Management Division on behalf of Employers with the support, where required, of the RSPPs, the internal Prevention and Protection Service, the RLSs, Company Doctors and any internal specialist consultants or internal company departments affected by the specific activities. Employers are involved prior to the review stage if required to grant authorisation for preventive actions or for particularly significant improvements.

Inspections are carried out at the Spanish production units in accordance with local regulations.

INDUSTRIAL RELATIONS AND SOCIAL DIALOGUE

Relations are characterised by ongoing and transparent interaction among social partners.

Social partners agree on the important of bringing the corporate economic objectives into line with social and environmental goals, and believe that, when making industrial decisions, priority consideration must be given to their impact on employees, the environment, communities, local institutions, members/Insureds-Customers and suppliers. The social partners acknowledge the central role of Reale Group employees, and the fundamental and strategic importance of making the most of such employees to the growth of the business and enhancement of individuals' qualities.

The social partners agree that it is important to identify forms of dialogue, specific involvement and shared approaches to issues of social responsibility.

Dialogue among social partners has made certain important projects possible, such as flexible working hours in favour of a work-life balance (e.g. flexible hours, part-time hours, remote working and smart working), rental accommodation / home mortgage subsidies, focus on gender issues (Equal Opportunities Commission), health protection (Accident and Illness Policy, specific solutions for differently-abled people, policies in favour of student workers, eco-sustainable transport (incentivising the use of public transport and bicycle) and continuous training for all employees. All Reale Group employee contracts are covered by collective bargaining agreements

Smart working

Smart working means performing work tasks – within the limits of the maximum number of daily working hours – at locations other than company premises, without using a fixed work station and adhering rigidly to set working hours.

The project was launched in July 2017, when the Social Partners reached an agreement and established the scope of action, percentage access and trial period for smart working. The pilot project was initially rolled out in January 2018 for a number of companies in the group (Reale Mutua, Italiana, Reale Ites, Reale Immobili) and was extended to two other Companies in the Group in April 2018 (Banca Reale and Blue Assistance). During the trial phase, workers could apply to take part in the scheme, by submitting an application to be included in one of the three categories (children/dependent relative arrangement, company reasons, pure trial) until all available places were assigned (12% of company employees).

Today, the scheme is available to 75% of company employees (55% for Blue Assistance), with no set categories, and with the option to work 7 days a month on a smart-working basis. The percentage access limits will be abolished in 2021 (except for Blue Assistance, where they will be abolished in 2023), and the number of potential smart-working days will be increased to 8 a month.

The Group is aware of the opportunities for cultural change offered by smart working. With this in mind, it has launched a range of training initiatives alongside the Smart Working scheme, which are managed internally or externally via the Academy.

The initial results of the scheme have been monitored through a series of surveys. These indicate high levels of satisfaction among both managers and smart workers (more than 8 for both groups on a scale of 1 to 10). Managers noted increased productivity. Smart workers referred to greater concentration and work and increased personal wellbeing. Peers mentioned noted greater use of technology for remote collaboration.

Travelling time saved (an average of 101 minutes a day) has been reinvested by employees in family, work, sports and hobbies.

As such, the smart working scheme not only offers an opportunity to strike a better work-life balance, which can lead to increased worker wellbeing and improve employee engagement; it also provides the opportunity to establish a new company culture, with greater accountability among personnel, increased use of digital tools and a focus on goal-based working, aimed at achieving results.

960 Italian employees availed of the Smart Working scheme in 2019, for a total of 21,600 working days (corresponding to a total emissions saving of approximately $tCO2eq$).

Best practice regarding flexible working hours

The social partners recognise, on the one hand, a need to guarantee professionalism and professional skill development and, on the other, the challenges presented by family support requirements. This means that in specific cases, employees can request that their working hours be adjusted in agreement with their manager.

TRAINING

Training is fundamental in order to stay up-to-date with technical, regulatory, mandatory, managerial, behavioural and linguistic skills, and to support change management processes.

The scope of the Academy extends to all Group employees hired under contracts of indefinite duration.

It entails reciprocal involvement with divisions, based on training demand/supply, in line with the three-year strategic plan. Internal and external teachers provide training. External teachers are sourced from Companies/ Training Organisations / Universities and Business Schools. Business dealings with these suppliers, who are highly specialised in training at all levels, are handled directly by the Academy, which assesses the content of the offering.

The Academy remains up to date with external scenarios and new working methods, and handles the oversight and development of technical skills from a professional, regulatory, behavioural and leadership perspective. It supports the development and evolution of new skills for Group innovation.

Operating since 2010, it originally employed a PUSH strategy, but now applies a PULL approach, regarding learning as an individual responsibility as part of which personnel choose their training journeys. It aims to include all employees, with a specific focus on accessibility of the courses (e.g. sign language).

The Academy has 8 dedicated staff members and is part of the human resources department.

At the beginning of the year, via the Fabbrica Futuro platform, Managers were provided with a questionnaire to analyse training requirements, enabling the Academy to lay the foundations for skill development initiatives to be rolled out over the next two years.

The Academy has continued to support the process already launched by the change management division, offering more targeted training options with a view to supporting personnel on the change journey underway across the Group.

The use of advanced tools – such as Office 365 – and new working methods – such as smart working – involved input from the Academy and Communications, promoting widespread use and in-depth knowledge of such matters.

As regards Office 365, two course formats were developed for collaboration and team-working. The support-training course was redesigned for the smart working context, making it more digital, given the need to be able to access training via mobile tools and to reflect the growing number of personnel involved in the project.

Periodic, informal, stand-up meetings – knowing as Innovation Bites – are also still being run. The goal of these sessions is to inspire personnel and bring them into contact with innovation. Corporate wellness workshops are also provided.

Reale Group Employees	2017	2018	2019
Total number of employees of Group Companies within the Reale Group scope	3,675	3,717	3,718

Total number of employees divided by geographical area	Reale Group		
	2017	**2018**	**2019**
Italy	2,628	2,478	2,390
Spain	935	1,026	1,048
Chile	112	213	280
Total	**3,675**	**3,717**	**3,718**

Reale Group												
Gender	Type of employment contract						Type of employment					
	Temporary			Permanent			Full time			Part time		
	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
MEN	58	37	10	1,903	1,938	1,958	1,949	1,960	1,953	13	15	15
WOMEN	104	71	26	1,610	1,671	1,724	1,507	1,550	1,542	208	192	208
Total	**162**	**108**	**36**	**3,513**	**3,609**	**3,682**	**3,456**	**3,510**	**3,495**	**221**	**207**	**223**

Reale Group												
Geographical Area	Type of employment contract						Type of employment					
	Temporary			Permanent			Full time			Part time		
	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
Italy	138	78	2	2,490	2,400	2,388	2,409	2,273	2,170	219	205	220
Spain	16	22	24	919	1,004	1,024	935	1,024	1,045	0	2	3
Chile	8	8	10	104	205	270	112	213	280	0	0	0

Percentage of employees with open ended contracts	**99%**

Employees perform the organisation’s significant activities

GRI 401-1 new hires and employee turnover

Reale Group employees hired and whose employment was terminated						
Gender	Hired	Terminated	Hired	Terminated	Hired	Terminated
	2017	**2017**	**2018**	**2018**	**2019**	**2019**
MEN	130	50	149	83	103	110
WOMEN	162	49	141	88	121	105
Total	**292**	**99**	**290**	**171**	**224**	**215**

Following the merger of the Unique and Italiana Assicurazioni companies, and the consequent/simultaneous reorganisation of the group, a number of colleagues were offered the opportunity, from 2018 onwards, to join a “solidarity” programme for a maximum of 5 years, to take early leave from the company until such time as they meet the minimum requirements for retirement, based on the necessary contributions.

Employees hired by age group and by gender: Reale group												
Gender	<30			30-50			>50			Total		
	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
MEN	39	52	35	81	82	66	10	15	2	130	149	103
WOMEN	60	51	42	94	85	71	8	5	8	162	141	121
Total	**99**	**103**	**77**	**175**	**167**	**137**	**18**	**20**	**10**	**292**	**290**	**224**

Employee turnover by age group and by gender: Reale group												
Gender	<30			30-50			>50			Total		
	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
MEN	8	9	18	19	33	40	23	41	52	50	83	110
WOMEN	22	9	21	18	28	46	9	51	38	49	88	105
Total	**30**	**18**	**39**	**37**	**61**	**86**	**32**	**92**	**90**	**99**	**171**	**215**

Turnover rate*	2017	2018	2019
Total	**17%**	**12%**	**12%**

** The turnover rate is calculated as (hired + terminated) / average employees*

GRI 404-1 Average hours of training per year per employee

Employee categories	Reale Group average training hours			Reale Group average training hours			Reale Group average training hours		
	2017			2018			2019		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Employees	16.6	22.3	19.2	21.1	28.6	24.4	17.8	23.2	20.2
Supervisors/ Mid-managers	21.1	23.7	23.0	36.6	29.5	31.0	26.9	25.9	26.1
Managers	34.3	29.0	29.8	5.7	12.0	10.1	4.6	25.4	15.0
Total	**17.3**	**23.1**	**20.4**	**21.3**	**26.4**	**24.0**	**17.6**	**24.1**	**20.9**

Employee skill refresher programmes and transition support programmes (GRI 404-2)

The Academy designs and provides various types of training activities: classroom-based, online and blended, in order to develop technical, regulatory, mandatory, managerial, behavioural and linguistic skills. Particular focus is placed on issues such as new working methods, innovation, digital skills and customer experience. The Academy has a dedicated physical premises where it provides classroom-based courses, as well as a dedicated training platform where, as well as taking online courses, employees can also browse the available classroom-based training courses and sign up independently. The platform also keeps a record of training performed, allowing the employ to check their training records at any time. Support is provided to all Group employees, beginning with an analysis of training requirements and including developing tailor-made courses designed to respond to specific needs.

In a similar way to that outlined above, the Academy supports employees who, due to company reorganisation and/or a change of roles, need additional training to perform their new daily work activities. No specific transition courses are currently provided for outgoing employees, with the exception of the standard internal handover process.

GRI 404-3 percentage of employees who receive periodic performance and professional development evaluations

Gender	Employee categories	2017	2018	2019
Women	Employees	85%	100%	100%
	Supervisors/Mid-managers	90%	100%	100%
	Managers	85%	100%	100%
Men	Employees	87%	100%	100%
	Supervisors/Mid-managers	84%	100%	100%
	Managers	89%	100%	100%

Data expressed as percentages were rounded up. Please note that the performance management programme is reserved for employees with an open-ended contract.

GRI 405-1 diversity in the Governing Bodies and among employees

10. **Breakdown of employees by job position, gender and age group - 2017**

Employee categories	<30		30-50		>50		Total	
	Men	Women	Men	Women	Men	Women	Men	Women
Employees	2.4%	3.3%	19.6%	25.9%	12.4%	11.4%	34.4%	40.6%
Mid-managers	0.0%	0.0%	1.3%	0.4%	1.7%	0.2%	3.0%	0.5%
Managers	0.1%	0.1%	7.8%	3.7%	8.2%	1.7%	16.0%	5.5%
Total	**2.5%**	**3.4%**	**28.7%**	**30%**	**22.3%**	**13.3%**	**53.4%**	**46.6%**

11. **Breakdown of employees by job position, gender and age group - 2018**

Employee categories	<30		30-50		>50		Total	
	Men	Women	Men	Women	Men	Women	Men	Women
Employees	2.3%	3.3%	18.5%	26.3%	11.2%	10.3%	32.0%	39.9%
Mid-managers	0.1%	0.1%	4.3%	2.3%	3.5%	0.9%	7.8%	3.2%
Managers	0.0%	0.0%	5.9%	2.4%	7.5%	1.4%	13.4%	3.7%
Total	**2.4%**	**3.4%**	**28.7%**	**31.0%**	**22.2%**	**12.6%**	**53.2%**	**46.8%**

Breakdown of employees by job position, gender and age group - 2019

Employee categories	<30		30-50		>50		Total	
	Men	Women	Men	Women	Men	Women	Men	Women
Employees	2.4%	3.3%	18.7%	25.8%	11.1%	10.6%	32.3%	39.7%
Mid-managers	0.0%	0.0%	5.5%	2.5%	7.7%	1.3%	13.2%	3.9%
Managers	0.1%	0.1%	3.9%	2.4%	3.6%	0.9%	7.6%	3.4%
Total	**2.5%**	**3.4%**	**28.1%**	**30.7%**	**22.4%**	**12.8%**	**53.1%**	**47%**

Breakdown by gender Governance Bodies*												
Companies within the perimeter	2017				2018				2019			
	men	%	women	%	men	%	women	%	men	%	women	%
Reale Mutua Assicurazioni	16	100%	0	0%	16	100%	0	0%	16	100%	0	0%
Italiana Assicurazioni	14	100%	0	0%	14	100%	0	0%	13	93%	1	7%
Reale Immobili	10	83%	2	17%	10	83%	2	17%	10	83%	2	17%
Banca Reale	9	82%	2	18%	9	82%	2	18%	9	82%	2	18%
Reale ITES	10	100%	0	0%	11	100%	0	0%	11	100%	0	0%
Blue Assistance	6	86%	1	14%	8	89%	1	11%	7	78%	2	22%
Italnext	5	100%	0	0%	5	100%	0	0%	5	100%	0	0%
REM Intermediazioni	1	100%	0	0%	1	100%	0	0%	1	100%	0	0%
Reale ITES SPA	N/A	N/A	N/A	N/A	8	100%	0	0%	8	100%	0	0%
Reale Seguros Generales	11	92%	1	8%	11	92%	1	8%	11	92%	1	8%
Reale Vida Y Pensiones	9	82%	2	18%	9	82%	2	18%	9	82%	2	18%
IGAR	8	89%	1	11%	8	89%	1	11%	8	89%	1	11%
Reale Chile Seguros	6	86%	1	14%	6	86%	1	14%	6	86%	1	14%
Reale Group Chile	5	100%	0	0%	5	100%	0	0%	5	100%	0	0%
Reale Group LATAM	0	0	0	0	5	100%	0	0%	5	100%	0	0%

** By governance bodies it is meant the company's administrative and control bodies: the Board of Directors and the Board of Statutory Auditors*

Breakdown by gender and age group Governance Bodies*												
	2018						2019					
	Men			Women			Men			Women		
	<30	30-50	>50	<30	30-50	>50	<30	30-50	>50	<30	30-50	>50
Reale Mutua Assicurazioni	0%	0%	100%	0%	0%	0%	0%	0%	100%	0%	0%	0%
Italiana Assicurazioni	0%	0%	93%	0%	0%	7%	0%	0%	93%	0%	0%	7%
Banca Reale	0%	0%	82%	0%	0%	18%	0%	0%	82%	0%	0%	18%
Blue Assistance	0%	0%	78%	0%	22%	0%	0%	0%	78%	0%	22%	0%
Italnext	0%	20%	80%	0%	0%	0%	0%	20%	80%	0%	0%	0%
Reale Immobili	0%	0%	83%	0%	0%	17%	0%	0%	83%	0%	0%	17%
Reale ITES	0%	0%	100%	0%	0%	0%	0%	9%	91%	0%	0%	0%
Reale ITES SPA	0%	0%	100%	0%	0%	0%	0%	13%	87%	0%	0%	0%
Rem Intermediazioni	0%	100%	0%	0%	0%	0%	0%	100%	0%	0%	0%	0%
IGAR	0%	11%	78%	0%	0%	11%	0%	11%	78%	0%	0%	11%
Reale Seguros	0%	8%	84%	0%	0%	8%	0%	8%	84%	0%	0%	8%
Reale Vida	0%	9%	73%	0%	0%	18%	0%	9%	73%	0%	0%	18%
Reale Group Chile	0%	20%	80%	0%	0%	0%	0%	20%	80%	0%	0%	0%
Reale Group LATAM	0%	20%	80%	0%	0%	0%	0%	20%	80%	0%	0%	0%
Reale Chile Seguros	0%	14%	72%	0%	0%	14%	0%	14%	72%	0%	0%	14%

**By governance bodies, it is meant the company's administrative and control bodies: the Board of Directors and the Board of Statutory Auditors*

7.5 INNOVABILITY

Innovations made possible by modern technologies are playing a key role in digital transformation. This is coupled in a significant way with the increased move toward sustainability. Two mega trends that characterise the evolution of the global economy, and that are increasingly beginning to converge. The future of the economy lies in the ability to combine these two elements, in order to generate **innovability** (innovation + sustainability).

Though it never had to formalise a policy or a specific guide lines on the topic of innovation, in 2015, Reale Group was one of the first insurance company to undertake an innovation process by setting up a new Unit, the Innovation Team, and defining the goals to be pursued by it with the aim to promote over time, within the organisation, a culture of change and innovation. The creation of the Innovation Team was announced with a specific press release.

From the very start, Reale Group has embraced the "open innovation" philosophy, allowing in-company resources and ideas to be combined with contributions coming from the outside world.

In 2017, the Innovation Team Unit (renamed Innovation and Corporate Strategy Unit) was assigned the task of carrying on the process of evolution towards innovation of Reale Group on the national and international markets, by supporting the definition and development of strategic Group initiatives, working in coordination with the Group's Planning and Control function for a better awareness and understanding of market trends, and with the Group's strategic Marketing structure for matters to do with innovation and insurance business topics.

As announced in an internal communication in April 2019, by **General Management**, the **Innovation and Corporate Strategy** division is to be renamed **Chief Digital Innovation Officer (C.D.I.O.)**, based on the following organisational changes:

A new **Digital Factory** unit was established, with the following objectives:

- managing digital transformation processes for the Group, serving as an operating centre and focusing in particular on improving Customer Experience for our Members and Customers, and making processes more efficient
- enabling the design and implementation of digital solutions using new, quicker methods, applying lean and agile methodologies and operating via dedicated working groups known as "digital teams";
- designing digital solutions from the planning stage right through to complete production of the viable electronic or non-electronic solution (so-called MVP – Minimum Viable Product).

A new **Data Science Centre of Excellence (CoE)** was established, serving as a strategic centre for trialling and implementing new technologies and processes in order to obtain "new added value from data", with a particular focus on Big Data and Artificial Intelligence. The unit has the following objectives:

- drawing up a strategic development plan so that "data" management (with reference to the aforementioned areas) can become a core competency and competitive advantage for the Group;
- design, plan and support implementation of the best solutions to strengthen the company's data management strategy and contribute to improving business performance.

The new unit serves all Italian and foreign companies in the Group, and collaborates with Reale Lab 1828, the newly established Digital Factory, and the various business departments of the company to identify and solve problems associated with the aforementioned areas.

Both units will operate at a global level, with the aim of developing the "digital" strategy set out by the Group Management Committee, and will work under the supervision of the Digital Innovation Board to accelerate the process.

The objective of the Digital Innovation Board is to provide guidelines and guarantee coordination and strong collaboration among the units involved in the Group innovation and transformation process, and is tasked with monitoring the activities performed by the various units by setting out priority actions, assessing and approving new design initiatives and preparation of MVPs for broader roll-out.

Digital Factory and Data Science Centre of Excellence are therefore integrated with the following existing units: **Reale Lab 1828**, **Corporate Venturing** and **Ecosistemi e Partnerships**.

Corporate Venturing, a unit that – through a structured process – focuses on the screening of start-ups working in the insurance and other sector sectors, with the aim to evaluate strategic investments in ventures that may bring value to Reale Group;

Partnership and International, a unit whose task is to identify and develop strategic partnerships with players active in markets and sectors of interest to the Group.

Reale Lab 1828 is an innovation laboratory where employees and agents join forces to identify emergency customer needs in terms of products and Customer Experience. The main aims of the Lab are:esplorare e sperimentare l'assicurazione del futuro, affinando continuamente gli strumenti anche per assicurare una eccellente esperienza dei nostri clienti;

- explore and test out the insurance of the future, in an on-going process designed to improve our tools and ensures that our customers enjoy an excellent experience;
- test out horizontal and/or vertical extensions of the value chain through partnerships and/or taking on a role in service-related eco-systems, possibly originating from outside the insurance sector;
- Enabling a wider and more proactive participation and a faster implementation of innovation initiatives;

Lab works in support of the Group Management Committee and refers for guidance to the Digital Innovation Board when it comes to defining new guide lines and evaluate/approve new projects and new initiatives.

Besides specially dedicated resources, other units from the business areas and the staff functions of the various Group member companies also participate in the implementation of the initiatives, according to project logic, and limited to specific initiatives, with the aim to "contaminate company culture" by disseminating and sharing innovative outlooks.

Reale LAB is comprised of 8 «Islands», dedicated to the following topics:

- Welfare (New ideas to take care of people; new solutions, technologies, relationship models);
- Sharing Economy (a fair exchange in the spirit of a more sustainable consumption);

- Claims (Making claim management into an occasion of service to the customer);
- SMEs (Helping the SMEs to renew themselves, by providing essential support);
- Mobility (The intelligent modernisation of our cities through smart mobility);
- Blockchain & IoT (Trailblazing technologies whose vast application potential in the banking and insurance sectors is currently being explored);
- Fintech (Innovative added value services and omni-channel payment modalities that are simple, fast and secure).
- Innovability (integration of innovation and sustainability).

As required by Italian Legislative Decree 254/16 for each material topic, the risks and actions implemented to mitigate them and the presence of reputational risk, if any, are outlined. The arrows in the final column indicate the changes compared to 2018.

Description of the risk identified by the division in charg	Oversight methods identified by the division in charge/owner	Risk identified by the owner	Is a reputational risk identifiable for owners?	Assessment of the risk identified by the owners	Description of the risk identified by the division in charge
Identification of solutions that are not in keeping with company strategic guidelines	Reale Group	Checking periodically with Top Management the alignment/ consistency between the initiatives that are proposed and the Group's strategy policies	LOW	YES	↓
▪ Investment of excessive resources in developing innovative solutions compared to the economic return from the same. ▪ Investment in innovative solutions that do not then translate into a product or service. ▪ Investment in products or services that do not fully meet the needs of the market or development of poor quality solutions▪	Reale Group	Adoption of a lean work model whereby each initiative is broken down into stages with a clear-cut perimeter and dimensionally contained (Limited consumption of financial and human resources) so that you cannot move on to the following stage until the results expected from the validated one been have previous by making sure that the KPIs (Key Performance Indicators) envisaged have been attained.	LOW	NO	←→

Investing in innovative activities (with an inherent risk of failure) rather than investing time and resources in more concrete short-term initiatives with less potential for impact	Reale Group	Implementing an approval process, placing greater importance on feasibility parameters and on the expected business impact.	LOW	YES	
Risks arising from competitors (launching a new solution on the market later than competitors do).	Reale Group	Monitoring key innovation trends, weighing up the possibility of being the best follower rather than the first mover	LOW	YES	←→

Linking the risks identified by the owners to Macro check list

Operating risks - Processes: Alignment of objectives
Strategic risks - Business Area: Technological change - Market and Competitors - Strategic business planning
Indirect or second-level risks - Reputational risks - Brand erosion - Sustainability (wrong policy, objectives not achieved)

Main activities carried out so far by Reale Lab 1828:

- Definition and implementation of the «Lab journey» for the development of Lab initiatives;
- Definition of «light procedures» for the purchasing and legal areas;
- Definition of an «internal» and «external» Communication Plan;
- Formalisation of Lab People recruitment modalities (identification of more than 40 resources);
- Creation of «Agile» and «Lean» training programs for Lab People (in collaboration with Academy);
- Definition of the first proposals and an ITES-Lab collaboration test model;
- Integration of initiative portfolio prioritisation criteria into the Lab Journey;
- Definition of the modalities of monthly updates on the progress of DIB initiatives;
- Development and sharing of innovative tools/methods for the development of Lab initiatives;
- Having completed the development of a web platform for the management of the Lab Journey (work flow initiative), portfolio monitoring, team working.

20% of the activities undertaken by Reale Lab 1828 in 2019 were Innovability initiatives.

A brief description of the Innovability initiatives undertaken or progressed over the course of the year is provided here:

Initiative	Area	Initiative status	Description
Powercoders	Innovability	Pilot	Powercoders is a programme established in Switzerland in 2016, offering intensive programming courses to refugees
Sant'Anna	Innovability	Concept	Early detection, screening and management of psychological distress in pregnancy and the post-partum period: from remote counselling to clinical psychological treatment
Cottolengo	Innovability	Concept	A project to support parents of disabled children to address the AFTER US issue, through engagement with Turin's Cottolengo families.
Reale Navigator	Mobility	Concept	Development of a navigation system that can recommend the "least hazardous" route for users to reach their destination. Designed in collaboration with Kinoa, the startup that won the "Reale Navigator" challenged launched on Connected City
Wrong way driver warning	Mobility	Concept	Incorporating SDK tools into the Group App developed by Bosch, to warn users if they are going the wrong way when entering/exiting motorways. Designed in collaboration with Robert Bosch GmbH
MamaChat	Welfare	Pilot	Psychological support service for pregnant women and new mothers, offered via digital channels. Developed in collaboration with the MamaChat association
Pharmercure	Welfare	ScaleUp	Rolling out a prescription drug home delivery service for Reale Mutua Group customers. Developed in collaboration with the Italian startup Pharmercure

7.6 CLIMATE CHANGE

"Climate change is the key challenge of our time. Our generation is the first to experience the rapid increase in temperatures around the globe, and probably the last with the opportunity to effectively combat an impending global climate crisis."

The Declaration concerning the "Initiative for more climate ambition", signed by the heads of State and Government at the UN Climate Action Summit in New York on 23 September 2019, leaves no doubt as to the global recognition of the significance of the Climate Change issue.

"The Intergovernmental Panel on Climate Change in its report on the impact of global warming of 1.5 degrees Celsius unequivocally confirms that we are already seeing the negative impacts of climate change; it also clearly demonstrates the vulnerabilities, impacts and risks of further global warming to human societies and natural systems, including the attainment of sustainable development and of the Sustainable Development Goals (SDGs)."

From this perspective, Reale Group, in keeping with its mutualistic principles, is committed to contributing to achieve the Sustainable Development Objectives set out in the United Nations Agenda 2030; objectives identified in areas of interest to Reale Foundation and activities with an environmental impact deemed significant by the Group.

In order to consolidate its commitments on significant material topics, Reale Group has drawn up a Sustainability Strategy, approved by the Boards of Directors of Companies in the Group that sets out medium-long term objectives and includes an Environmental Policy involving a commitment by the Group to minimising its environmental impacts.

Reale Mutua adopted an Environmental Management System in accordance with the UNI EN ISO 14001 international standard in 2012; this was extended to the entire Group in 2017.

The Group, implementing an Environmental Management System, undertakes to prevent pollution, protect the environment, meet its compliance obligations and continuously improve environmental performance;

The tools selected by Reale Group to achieve these aims include:

- Reale Foundation, Reale Group's corporate foundation, is mainly involved in activities aimed at management and prevention of chronic illnesses, socio-economic integration of young people from disadvantaged social backgrounds and resilience to risks generated by natural disasters in communities in which the Group operates.
- publication of the Consolidated Non-Financial Disclosure (DNF), adhering to the reporting guidelines contained in "Global Reporting Initiative Sustainability Reporting Standards" (GRI);
- Implementing an Environmental Management System in accordance with the UNI EN ISO 14001 international standard, undertaking to prevent pollution, protect the environment, meet its compliance obligations and continuously improve environmental performance;
- adopting policies to manage environmental and social risks generated and experienced;
- membership of the United Nations Global Compact (UNGC), a United Nations initiative intended to encourage companies from across the world to adopt sustainable policies in keeping with corporate social responsibility, and to publish the results of the action taken, in accordance with ten principles focusing on human rights, employment, environmental sustainability and corruption prevention.
- Supplier Code of Conduct,

Reale Group assesses environmental impacts in light of the precautionary principle set out in principle 15 of the United Nations Rio Declaration.

As required by Italian Legislative Decree 254/16 for each material topic, the risks and actions implemented to mitigate them and the presence of reputational risk, if any, are outlined. The arrows in the final column indicate the changes compared to 2018.

Description of the risk identified by the division in charge	Oversight methods identified by the division in charge/owner	Risk identified by the owner	Is a reputational risk identifiable for owners?	Assessment of the risk identified by the owners
Risk of performing uncertified CO2 offsetting, or developing a mitigation plan that is inadequate and does not address the actual needs	A reporting and monitoring system to be submitted for Management Review based on quantitative KPIs	LOW	YES	
Risks arising from direct and indirect environmental impacts.	Implementation of an Environmental Management System, in accordance with the ISO 14001 international voluntary standard.	LOW	YES	←→
Non-compliance.	Adoption of a Focal Point on - regulations that catches any update to the regulatory framework and coordinates the activities - maintain compliance with all applicable aspects.	LOW	YES	
Market-related risks and reputational risk	Implementation of an Environmental Management System, in accordance with the ISO 14001 international voluntary standard.	LOW	YES	←→

Linking the risks identified by the owners to Macro check list
Operational risks: processes - Alignment of objectives **Emerging risk** - Environmental risks **Technical risk** – catastrophic

As well as Scope 1 and 2 emissions, impacts were also identified in relation to CO2 emissions generated by company vehicles, employee commutes between work and home, and business travel. Development of offsetting and mitigation plans was organised. The CO2 equivalent emissions of the Reale Group were calculated in 2018 and evaluated for the 2019 year, according to the GHG Protocol, UNI ISO 14064 and GRI Standards. The property dimensions used are the same as those for indicators 302 and 305.

The Reale Group 2018 carbon footprint amounted to:

- 10,052 tCO2eq from location based emissions (LB);
- 6,604 tCO2eq from market based emissions (MB)**.

***** Location based emissions reflect the average intensity of grids on which energy consumption occurs (mainly drawing on average emission factor data for the grid). Market based emissions reflect emissions from electricity that the companies have purposefully chosen.***

As regards the CO2 mitigation plan, it is noted that:

- Given the global focus on reducing plastic use, Reale Group plans to install drinking water dispensers, potentially offering a chilled temperature option, and to distribute reusable water bottles to each employee. This activity is part of a programme to raise awareness of sustainable behaviour, available to group employees in recent years.
- a plan is in place to upgrade the vehicle fleet used by employees and the sales network, to include only hybrid and/or electric vehicles;
- Reale Group is also committed to reviewing all processes to make them paperless wherever possible.

As regards real estate investments Reale Seguros continued, in 2019, to work on its plan to upgrade buildings from a sustainability perspective, a process which began in 2012. It has increased its commitment to reduce the environmental impacts of the business. The following considerations are taken into account (to the degree possible) both for renovation projects and for construction of new offices:

- Design innovation;
- Sustainable development of outdoor and indoor spaces;
- Measuring energy efficiency and water consumption;
- Assessing the use of alternative energy sources;
- Selecting sustainable materials and resources;
- Sustainable waste management.

The improvement measures taken in relation to buildings have a positive affect on the leading direct environmental impacts caused by Reale Seguros' business activities, including: - polluting emissions; - electrical energy consumption; - paper consumption. Sustainable buildings contribute to saving energy and drinking water, leading to financial savings and promoting the health of employees who work there; operating costs are also lower.

In 2019, LEED ORO Certification was obtained for the main Spanish offices (Príncipe de Vergara _Madrid_), in addition to the two LEED ARGENTO certificates obtained by A Coruña y Reus in previous years (Total number of certified buildings: 3).

As set out in the LEED report for the Príncipe de Vergara building, the following information was highlighted:

- location of the building near various public transport stops;
- measuring efficient water use enables a 40.99% reduction of the same;
- 27.67% energy saving on water.

In January 2017, the "New Building Bertola" was awarded Leed Platinum certification by the US Green Building Council.

GRI 302-1 Energy consumption within the organisation

	Period		
Consumption [GJ]	1 October 2016 / 30 September 2017	1 October 2017 / 30 September 2018	1 October 2018 / 30 September 2019
Electrical consumption	29,626	32,081	27,554
Thermal consumption	18,838	13,326	10,902
Total Energy Consumption	**48,464**	**45,407**	**38,456**

The percentage of electricity from renewable sources corresponds to 95%.
Energy consumption per square metre is 100.47 Kwh.

GRI 305-1 Direct emissions GHG (Scope 1)

natural gas		
Year	Conversion factor tCO2eq/1000*m3	Source
2019	1.88496	https://ghgprotocol.org/sites/default/files/Emission_Factors_from_Cross_Sector_Tools_March_2017.xlsx

electricity		
Year	Conversion factor tCO2eq/Kwh	Source
2019 (Location based)*	0.00047696	Associations of Issuing Bodies - European Residual Mixes 2017

Conversion factors Spain - Chile

Country	Conversion factor tCO2eq/Kwh	Source

SPAIN (location-based)*	0.00044639	Associations of Issuing Bodies - European Residual Mixes 2017
CHILE (location based)*	0.00040209	2016 IEA Factor

**Location-based: takes account of the contribution of average emission factors across the distribution network used by the Organisation in terms of electrical energy consumption.*

Direct emissions [tCO2eq] (Scope 1)	Period		
	1 October 2016 / 30 September 2017	01 October 2017 / 30 September 2018	01 October 2018 / 30 September 2019
VIA CORTE D'APPELLO 11 TORINO	374.9	401.5	362.2
Via TRAIANO 18 MILANO	128.9	113.8	67.5
NEW BUILDING TORINO	6.8	69.9	78.3**
Milano - Via Carnia 26* + Udine - Puintat	43.3	39.6	0
BARCELONA, CL VIA AUGUSTA, 258-260	N/A	19	19
MADRID-1, C/ SAN BERNARDO 17	N/A	0	0
VALENCIA, CL PADRE TOMAS MONTAÑANA, 28	N/A	0	0
REALE SEGUROS, MADRID Príncipe de Vergara, 125	0	0	0
LOS MILITARES 5890 LOS CONDES, SANTIAGO	N/A	0	0

** IThe former uniqa premises in Milan were closed in 2019. Direct emissions for the Udine, Madrid, Valencia and Santiago de Chile premises are recorded as zero, because the heating and air conditioning systems at those premises run exclusively on electric power.*
*** The increased consumption of gas is attributable to the use of heaters pending completion of soundproofing of the polyvalent systems*

GRI 305-2 Indirect GHG emissions from energy consumption (Scope 2)

Indirect emissions [tCO2eq] (Scope 2)	Period					
	1 October 2016 /30 September 2017		1 October 2017 /30 September 2018		1 October 2018 /30 September 2019	
	Location Based*	Market Based**	Location Based*	Market Based**	Location Based*	Market Based**
VIA CORTE D'APPELLO 11 TORINO	835.2	0.0	1,088.4	0.0	1,033.3	0.0
Via TRAIANO 18 MILANO	262.5	0.0	298.4	0.0	358.5	0.0
NEW BUILDING TORINO	1,338.1	0.0	1,524.7	0.0	1,293.2	0.0
Milano - Via Carnia 26 + Udine - Puintat	339.6	410.3	438.9	299.3	110.4	0.0
BARCELONA, CL VIA AUGUSTA, 258-260	N/A	N/A	288	146	288	0.0
MADRID-1, C/ SAN BERNARDO 17	N/A	N/A	98.0	49.8	98	0.0
VALENCIA, CL PADRE TOMAS MONTAÑANA, 28	N/A	N/A	27.3	13.9	27.3	0.0
REALE SEGUROS, MADRID Príncipe de Vergara, 125	203.7	266.8	382.7	194.3	382.7	0.0
LOS MILITARES 5890 LOS CONDES, SANTIAGO	N/A	N/A	35.9	30.8	35.9	45.1

**Location-based: takes account of the contribution of average emission factors across the distribution network used by the Organisation in terms of electrical energy consumption.*
***Market-based: takes account of the contribution of specific emission factors associated with the contractual purchase methods adopted by the Organisation in terms of electrical energy consumption.*

The reference year for calculating CO_2 emissions is 2017 for scope 1 and 2, 2018 for scope 3. The greenhouse gases included in the calculation are CO_2, CH_4, N_2O. The emissions factor source used to calculate CO_2-equivalent emissions using the "location-based" method is the AIB (Association of Issuing Bodies) register for the European offices and the IEA (International Energy Agency) register for the Chilean offices. When calculating CO_2-equivalent emissions using the "market-based" method, residual emissions attributable to energy obtained from non-renewable sources were considered, with application of the emission factor reported by the supplier (ISPRA 2016 register). The source for FWP (Global Warming Potential) data, used for CH_4 and N_2O, is the IPCC "Climate Change 2013: The Physical Science Basis" report.

The factors used to convert Gj and Kwh are those specified in the sustainability reporting guidelines.

The 2018 and 2019 data refer to 5 Italian premises (Via Corte d'Appello, Via Traiano, New Building Bertola, Via Carnia and Udine), 3 Spanish premises (Barcelona, Madrid and Valencia) and 1 Chilean premises. The 2016 and 2017 data do not cover local offices/branches. The Italiana premises in via Carnia (former Uniqa) were closed in 2019.

The criterion adopted in 2018 and in 2019 to select the buildings to be included in consumption reports was to consider only the properties with offices providing work for more than 50 employees.

It is noted that the data for the 1 October 2016-30 September 2017 period have been subject to restatement.

Scope 3 emissions for 2019 are calculated based on an approximate estimate, derived from the results of a study conducted using data collected in relation to employee business trips and commutes as at 31 December 2018.

In particular, while no particular changes are expected in relation to the number of tonnes of CO_2 associated with business trips, it is predicted that a decrease will be recorded in relation to the number of tonnes of CO_2 associated with commutes, mainly due to the widespread adoption of the smart-working initiative.

CO_2 savings associated with employees working from home rather than the office is estimated at 4Kg/day. By multiplying this figure by the total number of smart-working days used by employees of the Italian and Spanish companies in the group (total of 24,605 days), it is estimated that 98.42 tonnes of CO_2 was saved in 2019, leading to a total of 2970 tonnes, as set out in the table below.

GRI 305-3 Other indirect emissions GHG (Scope 3)

305-3 Other indirect emissions GHG (Scope 3)				
	UdM	2017	2018	2019
Total Other emissions	t CO2e	n/d	4,732	4,634
Commute	t CO2e		3,069	2,970
Business trips	t CO2e		1,663	1,663
Other (specify)	t CO2e		0	0
NOx, SOx, and other significant emissions ***	t	n/d	0	0

**Business trip data obtained from travel agencies for Spain and Italy. Including data on rental cars, not owned by the company, used for business trips.*

Data on private cars/cars not owned by the company used for work trips in Italy are estimated for the last 3 months of 2018, based on emissions between 1 January and 30 September.

*** Commuting data has been processed based on the responses to a questionnaire on the topic distributed in Italy and Spain. Total emissions were then estimated using the average emissions of respondents to the questionnaire and projecting those figures across the company population.*

**** NOx and SOx gas emissions were not recorded in 2018 and 2019.*

Focus Climate Change

The total value of Italian payouts for Climate Change-related losses was 167 million euros. The incidence of such payouts with respect to total losses for divisions that cover climate event risks increased by 9 percentage points compared to 2017.

The Climate Change-related loss figure for Spain is approximately 20 mln (this figure refers to events covered by the insurance compensation consortium + losses associated with rain, hail, wind and snow).

The final months of 2019 saw Italy affected by serious natural events that caused huge damage. Reale Group therefore decided to set aside a fund of up to EUR 5 million to provide practical support to families and businesses that are customers of Reale Mutua and Italiana Assicurazioni.

7.7 SUSTAINABLE FINANCE

Following decisions adopted at the United Nations conference on climate change (COP 21), the European Union has been working to identify a series of measures and regulations to be adopted by financial operators from March 2021. Indeed, the "Disclosure Regulation" requires operators to be transparent with their customers regarding integration of the ESG factors into the products on offer, and how these may affect the profitability of the product over time, even if the product is not expressly linked to ESGs. The top tiers of the financial community have already responded with concrete measures. For example. in a 2019 letter to investors, Larry Fink, CEO of Black Rock, the world's largest investment fund, clearly expressed his desire to pursue operating strategies while monitoring the environmental impact and mitigating the effects of climate change, reiterating the need for a change in the way large companies evaluate sustainability: shifting from profit to purpose. As such, sustainability can no longer be regarded as a simple, repeated series of actions aimed at limiting environmental impact over time. Instead it must become an integral part of the business itself.

What may have seemed like an off-the-cuff expression of intent turned out to be a strong and decisive stance. Indeed, in his letter to investors the following year, in 2020, Larry Fink announced that he would no longer invest in assets not associated with minimising the effects of climate change, given that incorporating sustainability – particularly from a climate perspective – into portfolios can actually result in better yields for investors.

The current trend in the banking and insurance sector is for undertakings to pursue SDGs parallel to business activities. This means, for example, launching philanthropic projects or social business initiatives, aimed at promoting social inclusion while at the same time satisfying market demands regarding lack of professionalism in certain sectors, as adopted by various insurance companies.

Furthermore, the market is placing increasing focus on sustainable finance, i.e. applying the concept of sustainable development to financial activity. The purpose of sustainable financial products is to provide responsible financing to projects and businesses that offer added value to people, the environment and society, in order to generate social and/or environmental added value. The selection criteria are based on ESG (Environmental, Social, Governance) factors, which are applied to various financial assets (government bonds, corporate bonds and shares).

In 2019, the ESG filters were applied to financial management of the Teseo Open Pension Fund and the Unit line of Italiana's Ethical Value Line.

Since 2006, Teseo has been managed in accordance with SRI (Socially Responsible Investment) criteria, in keeping with the mutualistic values that define the Group, thus satisfying customers and the market.

As part of its investment policies, the Company has chosen an approach, in relation to the Teseo Open Pension Fund, capable of integrating financial considerations – and primarily the growth and preservation of invested capital – with careful assessment of the social and environmental implications of the relevant investments.

In evaluating its investments, the Company therefore decided to select issuers based on criteria that satisfies the requirements of social responsibility and ethical conduct, identified by assigning positive and negative criteria.

Positive criteria

Assessments are performed based on the characteristics of the products, the production process, environmental impact, interactions with the community, respect for diversity, human resources management, fairness and transparency of financial communications, corporate governance and relationships with stakeholders (understood in a broad sense).

Negative criteria

The general approach involves avoiding investments in financial instruments issued by companies and organisations (supranational Agencies and Bodies) that generate a significant portion of their turnover from production and distribution activities in the following sectors: tobacco, defence, alcohol, gambling, pornography and nuclear. It also involves avoiding investment in financial instruments issued by States with the death penalty and/or that do not uphold fundamental human rights.

The Company availed of support from the independent ethics advisory company ECPI srl in performing the environmental evaluation.

As at 31/12/2019, Total Net Assets for the Teseo Open Pension Fund – subject to independent sustainability screening aimed at evaluating the effective level of inclusion of social responsibility and sustainability criteria and objectives in the Fund's investment portfolio – amounted to approximately EUR 270 million.

Ethical Value Unit Line: investments are made in OICR, mainly involving bonds with a high degree of social responsibility. As at 31/12/2019, total net assets for the line amounted to approximately EUR 290 thousand.

In October 2019, a sustainable investments Policy was presented to the Group Investments Committee, and subsequently to all Boards of Directors of our companies for their approval. This Policy will be extended to all Reale Group Companies from 1 January 2020, with a view to implementing a responsible and sustainable finance management strategy that, though not yet formalised, has already been applied in the management of our portfolios, driven by our mutualistic principles.

The management model and its parts

Organisation of financial activity from an ESG perspective has been agreed upon with the Reale Group Sustainability Office, with a view to customising it based on our corporate vision and the SDGs selected for the Group sustainability strategy.

The Policy will be applied to investments, with the exception of class D of the insurance portfolios and Banking Asset Management for all companies in the Reale Group, as of 1 January 2020.

This model has been shared with the Financial Manager, Administration and Risk Management.

In managing responsible investments, selection criteria will be applied that aims to grasp the various strategies associated with integration of the Environmental, Social and Governance principles, including by way of internal screening that enables an "ESG Score" to be determined for each issuer, based on data obtained on internationally recognised external providers, calculated differently for different asset classes: government bonds, corporate bonds and shares.

Before implementing any other strategies, the Group will exclude government securities issued by Countries included on the Parent Company's internal Anti-Money Laundering Communications regarding a "List of uncooperative and high-risk countries" and those with an ESG score below 20. It will also exclude issuer companies (and their subsidiaries) that mainly operate in controversial sectors that do not meet ethical criteria, and issuer companies that, while not operating in the aforementioned sectors, are found – based on periodic, up-to-date evidence – to be responsible for serious or systematic human rights abuses, serious breaches of the human rights of people in situations in war or conflict, serious environmental harm, or acts or omissions that could result in the emission of gases with a serious impact on the "greenhouse effect", serious corruption, or other serious breaches of fundamental ethical standards.

The integration of ESG factors into our portfolio will be performed internally and will make it possible to calculate an ESG Score for each security.

In the case of government securities, the decision has been made to calculate the ESG score based on parameters closest to our corporate vision and the SDGs selected for our sustainability strategy.

ESG scores will be assigned to government securities on an annual basis.

For corporate bonds and shares, the calculation will be performed using a proprietary methodology that processes the scores assigned to the various issuers by Bloomberg, Sustainalytics and Robeco Sam, reliable and publicly available sources. This fair and verifiable approach enables a high degree of cover. ESG scores will be assigned to individual companies on a quarterly basis.

The sustainable investments policy also involves allocating a portion of investments to specific activities, including for example best in class, thematic investments and impact investing. The intention is to increase this type of asset class.

The objective of responsible and sustainable management is to increase the average ESG score for the portfolio.

Bodies already involved in the investment process, defined in the Investment Policy, perform responsible investment oversight.

A dedicated procedure has been drafted, setting out the roles and responsibilities of the persons involved.

As required by Italian Legislative Decree 254/16 for each material topic, the risks and actions implemented to mitigate them and the presence of reputational risk, if any, are outlined. The arrows in the final column indicate the changes compared to 2018.

Description of the risk identified by the division in charge	Oversight methods identified by the division in charge/owner	Risk identified by the owner	Is a reputational risk identifiable for owners?	Assessment of the risk identified by the owners
▪ Potential losses due to the negative change in financial variables and its impact on the value of assets. **▪ Increased volatility in non-sustainable investment markets due to the increasing market awareness of these issues.**	▪ Partial application of the internal model, in accordance with the Solvency II European regulation, according to which capital requirement is determined by measuring Value-At-Risk – VaR, for management and regulatory purposes. The standard formula, once again in accordance with Solvency II, is adopted as a regulatory tool for the quarterly calculation of the capital requirement (SCR and MCR) of insurance companies, portfolios and risks that fall outside of the scope of the partial internal model. ▪ Reference to the Investments Policy in the Asset Liability Management policy and the Liquidity Management Policy.	LOW	YES	↑
Risk of harm to the company image (reputational risk) and an increase in potential for conflict with insureds, due to the poor quality of services offered, placement of inadequate policies, or conduct during the sales, post-sales and claim-handling stage, or investments in financial instruments by non-sustainable issuers.	▪ Issuing sustainable investment policies that consider an assessment of investments in terms of their social and environmental implications, based on criteria that satisfy ethical and social responsibility requirements. ▪ Application of selection criteria that aim to grasp the various strategies associated with integrating the Environmental, Social and Governance principles, including via internal screening that makes it possible to assign a proprietary "ESG score to each issuer, based on data obtained from internationally recognised external providers, calculated differently for different asset classes: government bonds, corporate bonds and shares. ▪ Adoption of a qualitative analysis and risk assessment methodology (to include ESG risks). ▪ Annual preparation of a questionnaire aimed at top management of the companies in the Group, identifying the main risk issues and the mitigation measures adopted (so-called Macro check list).	LOW	YES	↑
Linking the risks identified by the owners to Macro check list				

Operational risks: Processes - Alignment of objectives Market risk
Strategic risks - Market analysis - Business sector: Market and Competitors - Strategic business planning
Emerging risk - New risks - Climate risk
Reputational risk Indirect or second-level risks - Reputational risks - Erosion of company image - Sustainability (wrong policy, objectives not achieved)

Climate risk

GRI 201-2: **Financial implications and other risks and opportunities arising from climate change**

Reale Group observes in the last years the significant increase in losses associated with natural events (both in terms of hail damage to vehicles under the CVT policies and in terms of damage to property/infrastructure) attributable to physical risks.

Consequences linked to climate change, have also affected Reale Group's reinsurance policies. This has led, in recent years, to dedicated reinsurance agreements being entered into for the Fire and CVT (Land-based vehicle) categories.

The Group is adopting tools to monitor the exposed portfolio, including for the purposes of identifying measures/initiatives to secure against existing and new risks.

Reale Chile Seguros Generales adheres to the Group's Sustainable Investment Policy, with the exception of the ESG Score model, which is under development.

SASB-FN-IN-410a.2

Risk assessment played a fundamental role in the process of drafting the Responsible Investment Policy referred to above. Collaboration with Risk Management and the Group Sustainability Department, described in the Methodological Note to the document, meanwhile, made it possible to broaden the risk horizon, in accordance with an increasingly integrated view of sustainability risk.

Among these risks, climate risk plays a fundamental role. The increasing focus of consumers and investors on sustainability issues, and in particular on climate change, have led insurance companies to undertake assessments of the financial impacts of climate change.

At the recommendation of the European Commission, EIOPA is exploring the possibility of building a forward-looking asset requirement, linked to climate change, into the structure of Pillar I of Solvency II. According to the TCFD, meanwhile, there are three main risks that could see the effects of climate change impacting the stability of the insurance sector:

- **Physical Risks**: involving impacts on insurance liabilities and the value of financial assets resulting from the consequences of extreme climate events, such as floods and storms, on property and trade, and long-term changes in climate patterns.
- **Liability risks**: involving future requests for compensation in the event of losses or damage caused by the effects of climate change;
- **Transition risks**: involving financial risks that may arise from the processes of transitioning to a low-carbon economy.

As such, the Group has begun to study these issues, taking into account a fundamental figure: the significant increase in losses associated with natural events (in terms of both hail damage to vehicles under the CVT policies and damage to property/infrastructure) attributable to physical risks. These consequences, which are closely linked to climate change, have also impacted Reale Group's reinsurance policies. This has led, in recent years, to dedicated reinsurance agreements being entered into for the Fire and CVT (Land-based vehicle) categories.

The process of assessing investments and developing a methodology that enables calculation of an ESG score will make it possible to consider the portfolio in question including with a view to considering actions/initiatives that may mitigate the risks in this category, understood to refer to existing and future risks.

The Macro Check List is the risk assessment tool, identified as being most appropriate not only for mapping the integration of ESG risks with strategic, operational and reputational risks traditionally taken into account, but also for identifying an emerging risk, represented today by the Climate Risk. This risk is thus fully included in the Group risk management process, and as such will be identified, assessed, measured and managed in subsequent years.

7.8 PRIVACY & CYBER SECURITY

The information managed by companies in the Reale Group, belonging to those companies or to employees or third parties, and the security/continuity of company services (and all supporting processes) are a fundamental factor for the Reale Group now and in the future, and are of huge strategic importance.

The growing complexity of the context in which Reale Group operates, and the need to remain in step with competition, requires ever-greater speed and quality of the services offered, in terms of content, professionalism and security.

The objective of improving the quality of services is achievable mainly through continuing to increase the digitalisation of information and adopting standardised and automated processes.

To summarise, it is by now beyond doubt that the services that represent the core business of Reale Group are highly dependent on IT services, and in particular, on their quality, availability and security; this is particularly so given that the risks associated with security system breaches are constantly growing in both quantitative and qualitative terms.

It is no coincidence that the risks covered by the Global Risk Report, published by the World Economic Forum and produced in collaboration with experts and decision-makers from across the world – with a view to identifying and analysis the most significant risks facing our globalised society – has begun, in recent years, to address a cluster referred to as "cyber risk".

According to the Global Risk Landscape contributors, cyber attacks present a higher risk than more traditional terrorist attacks, food crises and unemployment.

Cyber risk is a peculiar sort of risk, the characteristics of which may serve to amplify its negative potential. In fact, Cyber risk is a systemic risk. The operation of infrastructures is increasingly reliant on digital technologies, and the interdependence of the "Critical Information Infrastructure" constantly and consequently increases the risk that damage caused to a node of the system can affect surrounding nodes, resulting in potentially catastrophic chain effects.

Two additional factors also contribute to the risk being considered particularly high. One is anonymity, as it is practically impossible to assign responsibility for a cyber attack to an individual or group. The other is asymmetry, meaning that an attacker can focus on a single vulnerability and a limited area, while those defending themselves against attack must necessarily consider the overall context of the assets of the institution/organisation/company and all vulnerabilities, exponentially increasing the complexity to be handled.

In this context, it must be remembered that information handled by the Companies often concerns identified or identifiable natural persons. The processing of such data (which fall within the category of "personal data") must be performed in compliance with the fundamental rights and freedoms of the individual and, above all, in accordance with the right to protection of personal data, the guidelines, principles and criteria to apply to personal data processing.

For these reasons, Reale Group, on the one hand takes a structured approach, aimed at measuring exposure to the risk of information breaches and identifying physical, logical and security measures to protect against such, while on the other hand adopts processes to ensure that personal data is processed in accordance with the provisions of current laws and in compliance with the rights and freedoms of the individual.

In 2019, a New Technologies, Innovation and Cyber Security Committee was established, tasked with supporting the Board of Reale Mutua and of the other companies in the Group by:

- strengthening IT, technological, innovation and information security skills;
- adapting promptly to technological and digital innovations (e.g. InsurTech);
- responding increasingly quickly to changes in the current market context and seeking new business models, with renewed focus on customers;
- anticipating and pre-empting the evolving risks that may be posed by new technologies (e.g. Technology Risk and Cyber Risk) and developing information and data security and business continuity processes.

The Board of Directors has approved a strategic information and communication plan, aimed at ensuring the existence and maintenance of an overall architecture of secure and integrated systems, appropriate to the needs of the companies and of other subjects who own the information or are otherwise affected by it, based on international standards and guidelines set out in sector regulations (hereinafter the "Strategic Plan"), in a manner consistent with the strategic business objectives.

Implementation of the strategic plan is guaranteed by the Information Security Management System adopted by Reale Group (hereinafter "SGSI"). It consists of the set of processes, resources, procedural, organisational and technological controls required to reach a level of security that is appropriate and consistent with the risk appetite determined by the Board of Directors.

The SGSI expresses the degree of security in terms of the confidentiality, integrity, availability and reliability of the information involved in the processes by way of application of standard methodologies and international guidelines such as ISO 27001:2013.

The Organisation has appointed an internal Information Security Team, consisting of five employees, capable of:

- drawing up the Strategic Plan to be submitted to the Board of Directors for approval;
- determining the measures and estimating the resources required to implement the security

level identified in the Strategic Plan;

- identifying the methodology and information security standards;
- drawing up Specific Policies in relation to information security;
- periodically verifying the functioning and effectiveness of the SGSI, and assessing the IT risks in that regard by monitoring the level of information security;
- providing Risk Management with the information required to supplement the operational risk assessment;
- developing programmes to raise awareness and provide training on information security matters in collaboration with the Human Resources Academy team;
- providing consultancy and opinions on information security matters;
- serving as a point of reference for managing security incidents and, in that regard, establishing a process to promptly identify and track incidents;
- submitting annual reports on the activities performed and the activities planned to the Group Internal Control and Risk Committee;
- preparing periodic reports to be submitted to the Board of Directors;
- responding to requests from external Organisations regarding security of information.

Including with reference to the processing and protection of personal data, the Organisation established a division to:

- ensure oversight of data protection, in compliance with the guidelines set out in the European Regulation (Regulation (EU) 2016/679, also known as GDPR), which entered into force on 25 May 2018;
- provide advice and opinions on issues concerning personal data processing to Italian Companies in the Reale Group;
- provide support with personal data security impact assessment activities (DPIA – Data Protection Impact Assessment);
- perform analysis and verification activities;
- prepare reports to be submitted to the Board of Directors;
- develop training programmes for employees and the distribution network on matters of personal data protection in collaboration with the Human Resources Academy team.

The Organisation has also adopted a Group Privacy Policy (identical for Italy and Spain), which sets out:

a) the type of data processed and the processing methods;

b) the guidelines, principles and criteria to apply to personal data processing;

c) the decision-making processes to apply and the underlying corporate governance mechanisms;

d)the roles and divisions involved.

Procedures have also been developed to govern specific issues associated with personal data processing (e.g. a procedure for cases in which data subjects exercise their rights; a procedure for handling data breaches).

The functioning of the Information Security model is ensured by a circular process as part of which:

- The Board of Directors sets out the information security strategy and periodically verifies that the established security level is maintained, and the state of progress of compliance with the necessary measures, in consultation with the Group Internal Control and Risk Committee;

- Top Management sets out the business strategy in a manner consistent with the guidelines established by the Board of Directors;
- the Control Divisions perform their activities on three levels, as specific in the relevant standard: first-level controls are performed by the operating departments. The Information Security Division, which operates at a Group level and which is tasked with analysing risks associated with information security, performs second-level controls. Third-level controls are entrusted to the Internal Audit division, and involve verifying the consistency and efficiency of the information security management system;
- the Information Security division oversees information security risk management at a Group level, with support from the various Companies in the Group via the Company Information Security Contact Persons and liaising with the Group Information Security Inter-Divisional Committee, which serves as a link to the various business/company divisions.

The model takes account of evolution of both the external and the internal contexts, in terms of technologies, application solutions, new business opportunities and new markets.

On an annual basis or in the event of significant changes in the organisational and technological context, the risk analysis is reviewed and submitted to the Board of Directors.

A circular process guarantees personal data protection, where:

- the Administrative Body, in consultation with the Group Internal Control and Risk Committee, determines the degree of risk that can be assumed based on a personal data security impact assessment (DPIA – Data Protection Impact Assessment); it approves the policy that sets out the principles that apply to personal data processing
- the Data Protection Officer ("DPO"), including by way of dedicated teams, provides information and consultancy services to the Data Controller of the Data Processor and to employees who carry out the processing as regards obligations arising from data protection regulations; he/she also monitors compliance with personal data protection regulations, and policies concerning personal data protection, including raising awareness and providing training to personnel involved in processing and the associated control activities; he/she provides an opinion on the data protection impact assessment concerning processing that presents a high risk to the rights and freedoms of natural persons, and oversees its performance; he/she responds to data subjects regarding personal data protection issues and in particular the exercise of their rights, including via other company divisions; he/she cooperates with the Italian Personal Data Protection Authority and serves as a point of contact for issues concerning personal data processing; he/she reports personal data breaches to the Authority.
- Personal data processors oversee personal data processing, ensuring that the guidelines set out in the policy are properly applied; in the event of processing that may present a high risk to data subjects, it performs a data protection impact assessment, consulting with the DPO and identifying the necessary security measures.
  Both Reale Mutua and Italiana have a product in their catalogue to cover Cyber Risks, aimed at SMEs.

These products are:

- For RMA: Cyber Risk Reale

- For ITA: Firewall.

Both products include cover for damage caused to third parties (Civil Liability), support to rapidly restore business activity and recover data (by way of intervention by specialist technicians) and a service aimed at prevention and assessment of the company protection level, with a view to increasing awareness and protection of our insureds.

A significant product restyling process is scheduled for 2020, which will expand the cover.

As required by Italian Legislative Decree 254/16 for each material topic, the risks and actions implemented to mitigate them and the presence of reputational risk, if any, are outlined. The arrows in the final column indicate the changes compared to 2018.

Description of the risk identified by the division in charge	Oversight methods identified by the division in charge/owner	Risk identified by the owner	Is a reputational risk identifiable for owners?	Assessment of the risk identified by the owners
Uncontrolled or unauthorised access and/ or use and disclosure (confidentiality requirement).	Adoption of security measures that are proportionate to the risk appetite of an organisational nature, i.e. physical access control, training, system access credentials, etc.	MEDIUM	YES	
Uncontrolled or unauthorised changes or deletion, rejection, data authenticity breach (integrity requirement).	Use of technological measures, such as configuration control, layered defences and security incident management.	MEDIUM	YES	←→
Temporary or permanent inability to access data and/or the service that makes the data available (availability requirement).	Adoption of backup and recovery systems.	MEDIUM	YES	
Regulatory non-compliance and any sanctions imposed by the Supervisory Authority.	Adoption of organisational monitoring measures and appropriate procedures.	MEDIUM	YES	←→
Reputational risk in relation to stakeholders.	Adoption of procedures consistent with the Policies.	MEDIUM	YES	
Linking the risks identified by the owners to Macro check list				

Risk of non-compliance with regulations – mandatory information notice
Operational risks: Cyber - Processes- Alignment of objectives - Systems - Integrity of the IT system- Internal access to IT systems - IT infrastructure and skills - Obsolescence - Corporate fraud

Indirect or second-level risks - Reputational risks - Brand erosion
- Sustainability (wrong policy, objectives not achieved)

GRI 418-1 Proven reports of breaches of customer privacy and data loss

No proven reports were received regarding breaches of customer privacy.

"Proven reports" are defined as: a decision by an Authority or similar Public Supervisory Body concerning the organisation verifying a breach of customer privacy.

A "breach of customer privacy" is defined as failure to comply with existing legal provisions and (voluntary) standards on protection of customer privacy.

No leaks, thefts or losses of customer data were identified were verified by way of a decision by an Authority or similar Public Supervisory Body.

8. GRI CONTENT INDEX

The table below sets out the key independent indicators used and, as required by the In Accordance Core GRI, refers back to the text of the Document for a description of the Management Approach in relation to each, together with the methodology for collecting the associated qualitative and quantitative data.

SUSTAINABILITY REPORT 2019
Non-financial consolidated statement of Reale Group, prepared in accordance with Legislative Decree254/2016

Indicators Table

Reporting standards	Disclosure	Cap.	Page	Notes on the reporting perimeter
MUTUALITY AND TRANSPARENCY				
GRI 205: ANTI-CORRUPTION	205-2: Communication and training on anti-corruption policies and procedures	Chapter 2 Reale Group: Identity and Values	27	The Reale Group prepares employee-training plans based on the regulations in force in each country. As regard anti-corruption training, this includes courses on Italian Legislative Decree 231/2001 and the standards applied under the Spanish and Chilean systems. As regards disclosure d), the indicator is considered as of 2018 for all Reale Group companies.
GRI 201: Economic performances	201-1: Economic value directly generated and distributed	Chapter 2 Reale Group: Identity and Values	16	The perimeter for this indicator is limited to Reale Mutua, excluding the other Italian, Spanish and Chilean companies.
COMMUNICATION AND REPUTATION				
GRI 417: Marketing and labelling	417-2: Instances of non-conformity in terms of information and labelling of products and services	Chapter 7.1 Communication and reputation	48	The perimeter for this indicator includes all Reale Group companies.
	417-3: Non-conformity in terms of marketing communications		48	The perimeter for this indicator includes all Reale Group companies.

PEOPLE & DIVERSITY				
GRI 401: Emploiment	401-1: New hires and turnover	Chapter 7.4 People & Diversity	72	The perimeter for this indicator includes all Reale Group companies.
GRI 403: Occupational health and safety management system	403-1: Occupational health and safety management system		66	The perimeter for this indicator includes all Reale Group companies.
	403-2: Hazard identification, risk assessment and incident reporting		66	The perimeter for this indicator includes all Reale Group companies.
GRI 404: TRAINING AND EDUCATION	404-1: Average hours of training per year per employee		73	The perimeter for this indicator includes all Reale Group companies.
	404-2: Employee skill refresher programmes and transition support programmes		74	The perimeter for this indicator includes all Reale Group companies.
	404-3: Percentage of employees who receive periodic performance and professional development evaluations		74	The perimeter for this indicator includes all Reale Group companies.
GRI 405: DIVERSITY AND EQUAL OPPORTUNITIES	405-1 Diversity in the governing bodies and among employees		75	The perimeter for this indicator includes all Reale Group companies. For the disclosure concerning a breakdown based on sex and age bracket, the data is based on starting in 2018.
IMPACTFUL PHILANTHROPY				
GRI Sector Specific NGO	NGO8: Sources of liberal donations, divided into categories, and the leading donor categories including monetary value of donations	Chapter 5.2 Reale Foundation	38	The perimeter for this indicator includes all Reale Group companies. The data item is only provided from 2018, the year in which Reale Foundation began operating as the Reale Group corporate foundation.
CLIMATE CHANGE				
GRI 302: ENERGY	302-1: Energy consumption within the organisation	Chapter 7.7 Climate Change	86	The criterion used in 2019 to select the properties to be included in energy consumption reporting was to only consider significant sites with more than 50 employees. The perimeter for this indicator includes all Reale Group companies.

GRI 305: EMISSIONS	305-1: Direct emissions GHG (Scope 1)	Chapter 7.7 Climate Change	86	The criterion used in 2019 to select the properties to be included in energy consumption reporting was to only consider significant sites with more than 50 employees. The perimeter for this indicator includes all Reale Group companies.
	305-2: Indirect emissions GHG from energy consumption (Scope 2)		88	The criterion used in 2019 to select the properties to be included in energy consumption reporting was to only consider significant sites with more than 50 employees. The perimeter for this indicator is limited to Reale Mutua, excluding the other Italian, Spanish and Chilean companies.
	305-3: Other indirect emissions GHG (Scope 3)		90	The perimeter for this indicator includes for 2018 and 2019 all Reale Group companies.
Independent KPI	Monetary value of settlement of claims associated with climate change		90	The perimeter for this indicator includes all Reale Group companies, only for 2019.
PRIVACY & CYBER SECURITY				
GRI 418: Customer privacy	418 – 1: Substantiated complaints regarding breaches of customer privacy and losses of customer data	Chapter 7.9 Privacy & cyber security	101	The perimeter for this indicator includes all Reale Group companies, only for 2019.
SUSTAINABLE FINANCE				
GRI 201: Economic performances	201-2: Financial implications and other risks and opportunities arising from climate change	Chapter 7.7 Sustainable Finance	95	The perimeter for this indicator includes all Reale Group companies.
SASB FN-IN-	SASBFN-IN-410a.2 ESG scoring method for investments in the portfolio	Chapter 7.7 Sustainable Finance	95	The perimeter for this indicator includes all Reale Group companies, only for 2019.
INNOVABILITY				
Independent KPI	Percentage of Innovability initiatives out of all Reale Lab initiatives	Chapter 7.5 Innovability	81	The perimeter for this indicator includes all Reale Group companies based in Italy, only for 2019
Independent KPI	Number of sustainable projects in Lab 1828	Chapter 7.5 Innovability	82	The perimeter for this indicator includes all Reale Group companies based in Italy, only for 2019.
IMPORTANCE OF THE AGENCY NETWORK				
Independent KPI	Number of agencies that have sold sustainable products	Chapter 7.3 Importance of the agency network	60	The perimeter for this indicator includes all Reale Group companies. The indicator is not currently applicable to companies with offices in Chile, only for 2019.

CUSTOMER CENTRICITY				
Independent KPI	Number of customer who have purchased sustainable products	Chapter 7.2 Customer Centricity	58	The perimeter for this indicator includes all Reale Group companies. The indicator is not currently applicable to companies with offices in Chile, only for 2019.

The following table summarises the main independent indicators used and, as required by the GRI In Accordance Core, refers back to the Document for a description of the Management Approach of each, together with the methodology used to collect the related qualitative and quantitative data.

GRI General Disclosure (Core) Reference in the NFD		Reference in the NFD	Page
102-1	Organisation name	2.1 Identity and Group Companies	13
102-2	Activities, brands, products & services	2.1 Identity and Group Companies	14
102-3	Location of headquarters	2.1 Identity and Group Companies	14
102-4	Location of operations	2.1 Identity and Group Companies	14
102-5	Ownership and legal form	2.1 Identity and Group Companies	13
102-6	Markets served	2.1 Identity and Group Companies	15
102-7	Scale of the organisation	2.1 Identity and Group Companies	14
102-8	Information on employees and other workers	7.4 People & Diversity	71
102-9	Supply chain	2.2 Code of ethics & values	19
102-10	Significant changes to the organisation and its supply chain	2.2 Code of ethics & values	19
102-11	Precautionary principle or approach	7.6 Climate change	84
102-12	External initiatives	7. Relevant material topics	45
102-13	Membership of associations	7. Relevant material topics	45
102-14	Statement from senior decision-maker	Executive Summary	14
102-16	Key impacts, risk and opportunities	2.2 Code of ethics & values	18
102-18	Governance structure	2.3 Organisational model & governance	20
102-40	List of stakeholders groups	6. Materiality analysis & stakeholder	19
102-41	Collective bargaining agreements	7.4 People & Diversity	69
102-42	Identifying and selecting stakeholders	2.2 Code of ethics & values	19

102-43	Approach to stakeholder engagement	2.2 Code of ethics & values	19
102-44	Key topics and concerns raised	7. Relevant material topics	45
102-45	Entities included in the consolidated financial statements	4.3 Reporting perimeter and period	33
102-46	Defining report content and topic boundaries	4.3 Reporting perimeter and period	33
102-47	List of material topics	7. Relevant material topics	45
102-48	Restatements of information	n/a	
102-49	Changes in reporting	6. Materiality analysis & stakeholder	41
102-50	Reporting period	4.1 Reporting standards and document drafting modalities	31
102-51	Date of most recent report	4.1 Reporting standards and document drafting modalities	31
102-52	Reporting cycle	4.1 Reporting standards and document drafting modalities	31
102-53	Contact point for questions regarding the report	4.1 Reporting standards and document drafting modalities	32
102-54	Reporting in accordance with the GRI standards	4.1 Reporting standards and document drafting modalities	31
102-55	GRI Content Index	8. GRI Content Index	103
102-56	External assurance	Audit report	109

9. GLOSSARY

AMICE (Association of Mutual Insurers and Insurance Cooperatives in Europe)

CAWI (Computer Assisted Web interviewing)

C.D.I.O. (Chief Digital Innovation Officer)

CEIOPS (Committee of European Insurance and Occupational Pensions Supervisors)

CEO (Chief Executive Officer)

CMF (Comisión para el Mercado Financiero)

CoE (Data Science Centre of Excellence)

CRAL (Company Recreational Circle)

DIB (Digital Innovation Board)

DPIA (Data Protection Impact Analysis)

DPO (Data Protection Officer)

EIOPA (European Insurance and Occupational Pensions Authority)

ESG (Environmental, Social and Governance)

EURAPCO (European Alliance Partners Company) **FGS** (Safety Management Division)

GDPR (General Data Protection Regulation)

GHG (Green house gas)

GRI (Global Reporting Initiative)

HR (Human Resources)

IVASS (Italian institute for insurance supervision)

KPI (Key Performance Indicators)

LB (location based)

MB (Market based)

MCR (Micro carbon residue)

MOG (Organisational Management Model)

MVP (Minimum Viable Product)

NPS (Net Promoter Score)

OICR (Collective Saving Investment Bodies)

ONU (United Nations Organisation)

RLS (Worker safety representative)

RSPP (Prevention and Protection Service Officer

SCR (Selective Catalytic Reduction)

SDGs (Sustainable Development Goals)

SGSI (Information Security Management System)

SGSSL (Occupational Health and Safety Management System)

SRI (Sustainable and Responsible Investment)

TCFD (Task Force on Climate-related Financial Disclosures)

UNGC (United Nations Global Compact)

UNHCR (United Nations High Commissioner for Refugees)

USCI (Italian Parent Company)

USCI (Italian Parent Company)

EY S.p.A.
Via Meucci, 5
10121 Torino

Tel: +39 011 5161611
Fax: +39 011 5612554
ey.com

Independent auditors' report on the consolidated disclosure of non-financial information in accordance with Article 3, par. 10, of Legislative Decree 254/2016 and with Article 5 of CONSOB Regulation adopted with Resolution n. 20267 of January 2018 (Translation from the original Italian text)

To the Board of Directors of Società Reale Mutua di Assicurazioni

We have been appointed to perform a limited assurance engagement pursuant to Article 3, paragraph 10, of Legislative Decree 30 December 2016, n. 254 (hereinafter "Decree") and article 5 of CONSOB Regulation adopted with Resolution 20267/2018, on the consolidated disclosure of non-financial information of Società Reale Mutua di Assicurazioni (hereinafter the "Company") and its subsidiaries (hereinafter the "Group") for the year ended on the 31st of December 2019 in accordance with article 4 of the Decree and approved by the Board of Directors on the 23rd of March 2020 (hereinafter "DNF").

Responsibilities of Directors and Board of Statutory Auditors for the DNF

The Directors are responsible for the preparation of the DNF in accordance with the requirements of articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards"- Global Reporting Initiative ("GRI Standards").

The Directors are also responsible, within the terms provided by law, for that part of internal control that they consider necessary in order to allow the preparation of the DNF that is free from material misstatements caused by fraud or not intentional behaviors or events.
The Directors are also responsible for identifying the contents of the DNF within the matters mentioned in article 3, par. 1, of the Decree, considering the business and the characteristics of the Group and to the extent deemed necessary to ensure the understanding of the Group's business, its performance, its results and its impact.

The Directors are also responsible for defining the Group's management and organization business model, as well as with reference to the matters identified and reported in the DNF, for the policies applied by the Group and for identifying and managing the risks generated or incurred by the Group.

The Board of Statutory Auditors is responsible, within the terms provided by the law, for overseeing the compliance with the requirements of the Decree.

Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior. Our audit firm applies the International Standard on Quality Control 1 (ISQC Italia 1) and, as a result, maintains a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

EY S.p.A.
Sede Legale: Via Lombardia, 31 - 00187 Roma
Capitale Sociale € 2.525.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. 250904
P.IVA 00891231003
Iscritta all'Albo Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

A member firm of Ernst & Young Global Limited

Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the DNF with the requirements of the Decree and of the GRI Standards.Our work has been performed in accordance with the principle of "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This principle requires the planning and execution of work in order to obtain a limited assurance that the DNF is free from material misstatements. Therefore, the extent of work performed in our examination was lower than that required for a full examination according to the ISAE 3000 Revised ("reasonable assurance engagement") and, hence, it does not provide assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

The procedures performed on the DNF were based on our professional judgment and included inquiries, primarily with company's personnel responsible for the preparation of the information included in the DNF, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

In particular, we have performed the following procedures*:*

1. analysis of the relevant topics in relation to the activities and characteristics of the Group reported in the DNF, in order to assess the reasonableness of the selection process applied in accordance with the provisions of article 3 of the Decree and considering the reporting standard applied;

2. analysis and evaluation of the criteria for identifying the consolidation area, in order to evaluate its compliance with the provisions of the Decree;

3. comparison of the economic and financial data and information included in the DNF with those included in the Group's consolidated financial statements;

4. understanding of the following aspects:
   - Group's management and organization business model, with reference to the management of the topics indicated in art. 3 of the Decree;
   - policies adopted by the Group related to the matters indicated in art. 3 Decree, results achieved and related key performance indicators;
   - main risks, generated or suffered related to the matters indicated in the article 3 of the Decree.

   With regard to these aspects, we obtained the documentation supporting the information contained in the DNF and performed the procedures described in item 5. a) below.

5. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the DNF.

   In particular, we have conducted interviews and discussions with the management of Società Reale Mutua di Assicurazioni and with the personnel of Italiana Assicurazioni S.p.A., Reale Ites S.r.l., Italnext S.r.l., Reale Seguros Generales S.A., Reale Chile Seguros Generales S.A. and we have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the management responsible for the preparation of the DNF.

   Furthermore, for significant information, considering the Group activities and characteristics:

   a) with reference to the qualitative information included in the DNF, and in particular to the business model, policies implemented and main risks, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;
   b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that DNF of Reale Group for the year ended on the 31^{st} of December 2019 has not been prepared, in all material aspects, in accordance with the requirements of articles 3 and 4 the Decree and the GRI Standards.

Torino, April 3^{rd} 2020

EY S.p.A.

Paolo Ratti
(Auditor)

This report has been translated into the English language solely for the convenience of international readers.

REALE GROUP

TOGETHERMORE