

2023

Integrated Consolidated Financial Statements



Taking care of people for
a better world, together



Taking care
of people for a better
world, together



2023

Integrated Consolidated
Financial Statements

CORPORATE BODIES



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GENERAL MANAGER

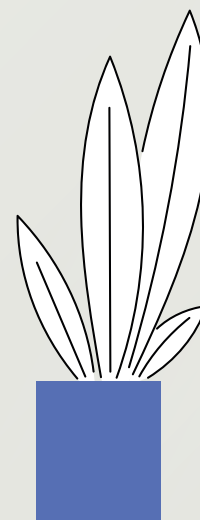
Luca Filippone

Co-General Manager

Massimo Luvìè

Deputy General Manager

Andrea Bertalot



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1 LETTERS TO THE STAKEHOLDERS



Dear Stakeholders,

2023 was characterised by major geopolitical, social and environmental events that resulted in a very challenging context to operate in.

Once again, Reale Group confirmed its resilience, operating successfully even in complex situations, while continuing to guarantee to its Members/Policyholders and Customers - but also to all its Stakeholders - solidity and foresight, thus generating and distributing value.

It has always been so, as long as I can remember and as long as I had the privilege to lead this Group.

Indeed, in 2023, I achieved a particularly important professional milestone: twenty years with Reale Mutua. This anniversary has given me the opportunity to remember and celebrate with a bit of nostalgia the successes achieved over the past twenty years together with our Delegates and Directors, Agents and many Colleagues and to reflect on the developments of Reale Mutua and the Group during this period of time.

Today, Reale Group is a solid business player, active in both the national and international context, with a foothold in Italy, Spain, Chile and Greece. Over the past few years, it has undergone profound transformations, adapting to major innovative, technological and cultural changes that have characterised many of the actions and projects undertaken, which have always been carried out with a keen sense of responsibility.

In addition to achieving excellent results, this effort has enabled the Group to exist today and compete on the market on a par with large international groups and to reinforce the validity, strength and enormous potential of the mutual insurance model, of which we are proud representatives.

With this in mind, Reale Mutua will continue to develop the value of "mutuality", going beyond the company and extending to communities. Indeed, it believes that an active participation in the local areas in which it operates is one of the most significant examples of the mutual model, which fits well into the current social and economic context that we all need today.

Happy reading!

Luigi Lana
Reale Mutua Chairperson

A handwritten signature in cursive script, appearing to read 'Luigi Lana', written in dark ink.



Dear Stakeholders,

Once again this year I am pleased to present to you our Integrated Consolidated Financial Statements.

2023 was again a year marked by great instability and characterised by converging crises: international geopolitical tensions, effects of climate change, and economic difficulties.

It was and is a complex, challenging, uncertain context, which has laid bare the need for all companies - but particularly those of the insurance sector - to reconsider their strategic and operational approaches in order to address unexpected risks and emergencies.

In this scenario, the strength of our mutualistic model has enabled us not only to face the difficulties head-on but also to continue to create and share value for our Stakeholders and for society. Proud of what we have achieved so far, we know that the future before us, despite being complex and uncertain, will present us with many challenges and opportunities to be grasped.

This is why we have begun a lengthy internal reflection in recent months, attempting to imagine where we will be in ten years' time; we have written ourselves an ambitious letter - a "North Star" - which will guide us in our journey towards a future that must not overlook our important past; for almost two centuries, in fact, Reale Mutua has been recognised as a dependable partner to be relied upon to protect the dearest things: health, family, home, and business.

In these difficult times, standing firm in our principles of Mutuality and Sustainability and in complete coherence with our status as a Benefit Corporation, we have continued our journey towards defining a business model that is not merely limited to weathering the storm, but that can radically and constantly innovate, anticipate and lead the changes while gradually reducing the risks over time.

Believing strongly in our *purpose* "Taking care of people for a better world, together"; we are also committed to taking action to ensure that doing business today means more than merely guaranteeing economic sustainability, but allows means being conscious leaders of a transformational process of development and intentional creation of value, change and positive impacts.

We are doing this by taking action from within, integrating sustainability increasingly into our processes, strategies, plans, actions and business culture through the most important resource - our People - who today, just as they did 196 years ago, represent our Group's most important asset.

I therefore invite you to learn about our journey and to join us in our commitment to build together the Reale Group of the future.

Luca Filippone
Group General Manager

A handwritten signature in dark ink, appearing to read 'L. Filippone', written in a cursive style.



2

INTRODUCTION AND INFORMATION ON PERFORMANCE

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2.1 Methodological notes

This Document, covering the 2023 financial year (from 1 January to 31 December 2023), is the third edition of the Integrated Consolidated Financial Statements, following the decision by Reale Group (hereinafter, also the "Group"), to include, from the 2021 financial year, its Consolidated non-financial disclosure (hereinafter also "NFD") within the Report on Operations.

The Integrated Report seeks to provide an integrated vision of the qualitative information and quantitative data of a financial and non-financial character. It illustrates the set of factors that determine the Group's capacity to create value in the short, medium and long term, as the result of its commitment to preserving assets, its identification of solutions that meet the needs of its Stakeholders, as well as its promotion of sustainable development solutions for the context where it operates.

The Document also provides detailed information on the governance structure, processes adopted to define the strategic approach, and the connection between pay, the incentives system and the creation of value in the short, medium and long term. The organisation and the external environment are presented, beginning with elements such as the purpose, the Vision and Mission, the ownership and operating structures, the activities and markets served and the context where it operates.

In addition, the Business Model adopted, the inputs used by the organisation to create value over time and to achieve the intended results (outputs) are described.

The Integrated Report illustrates the strategy and system of allocating resources, describing their defined strategic goals, the resource allocation plans, and the methods for measuring goals, including the outlook given the expectations and forecasts for potential scenarios in the external context.

The Integrated Consolidated Financial Statements, prepared and published on an annual basis, are prepared pursuant to Legislative Decree 254/2016 and according to the GRI Standards (2021 version) in line with the accounting methods "in accordance with the GRI Standards". This approach enables the Group to ensure maximum transparency regarding its stakeholders in relation to the organisation's impact on the economy, people and the environment.

In addition, with a view to providing a representation at sector level, some "Financial Services Sector Supplement" and "NGO Sector Supplement" indicators, belonging to the "GRI-G4 Financial Services Sector Disclosures" guidelines, and "Sustainability Accounting Standards Board- Insurance Sector" (SASB) indicators, were reported on.

This Document, as an Integrated Report, was prepared considering the principles recalled by the International <IR> Framework (hereinafter, also "<IR> Framework" or "Framework"), in the version updated by the International Integrated Reporting Council (IIRC) in January 2021.

In view of the specific aspects of the Group, in a mutual key, the Reale Group wished to reinterpret the concept of "Capital", articulated by the <IR Framework> (understood as the input that is transformed through output activities), adopting the term "Assets" to represent its own Business Model.

The reporting scope for qualitative information and quantitative data relating to non-financial aspects includes the fully consolidated Companies for financial reporting as of 31 December 2023. With respect to the 2022 perimeter, the following new companies have since joined: Blue Health Center S.r.l., Plurima Servizi Assicurativi S.r.l. and Reale International S.r.l.



In order to allow the comparison of data over time and an assessment of the trend in corporate activities, the information relating to the 2023 financial year is provided with a comparison, where possible, with what was reported in relation to the previous financial year.

The collection and processing of non-financial information and data was facilitated by the use of a dedicated application that guaranteed the complete traceability of the reporting process.

With the purpose of providing a correct representation of the performance and to ensure the reliability of data, the use of estimates was limited as much as possible. If used, the estimates have been suitably identified and founded on the best methodologies available.

It should also be noted that the information communicated in the previous statements has not been re-analysed or adjusted; any rectifications or errors, due to printing or layout errors, have been highlighted with a specific explanatory note.

The previous Integrated Report, relating to 2022, was approved by the Società Reale Mutua di Assicurazioni (hereinafter "Reale Mutua") Board of Directors on 22 March 2023 and was subsequently brought to the attention of all Boards of Directors of the Group companies. Finally, the Reale Mutua Meeting of Delegates reviewed the Document at the meeting on 28 April 2023.

These Integrated Consolidated Financial Statements were approved by the Reale Mutua Board of Directors at the meeting on 22 March 2024; the Meeting of Delegates reviewed the file on 29 April 2024.

The icons indicated enable the traceability of the non-financial information stipulated by Legislative Decree 254/2016 and by the GRI Standards indicators within the Document.

The Integrated Consolidated Financial Statements were made public on the website www.realegroup.eu on 29 April 2024.

NFD

To report anything, you can contact the email address: bilanciointegrato@realegroup.eu

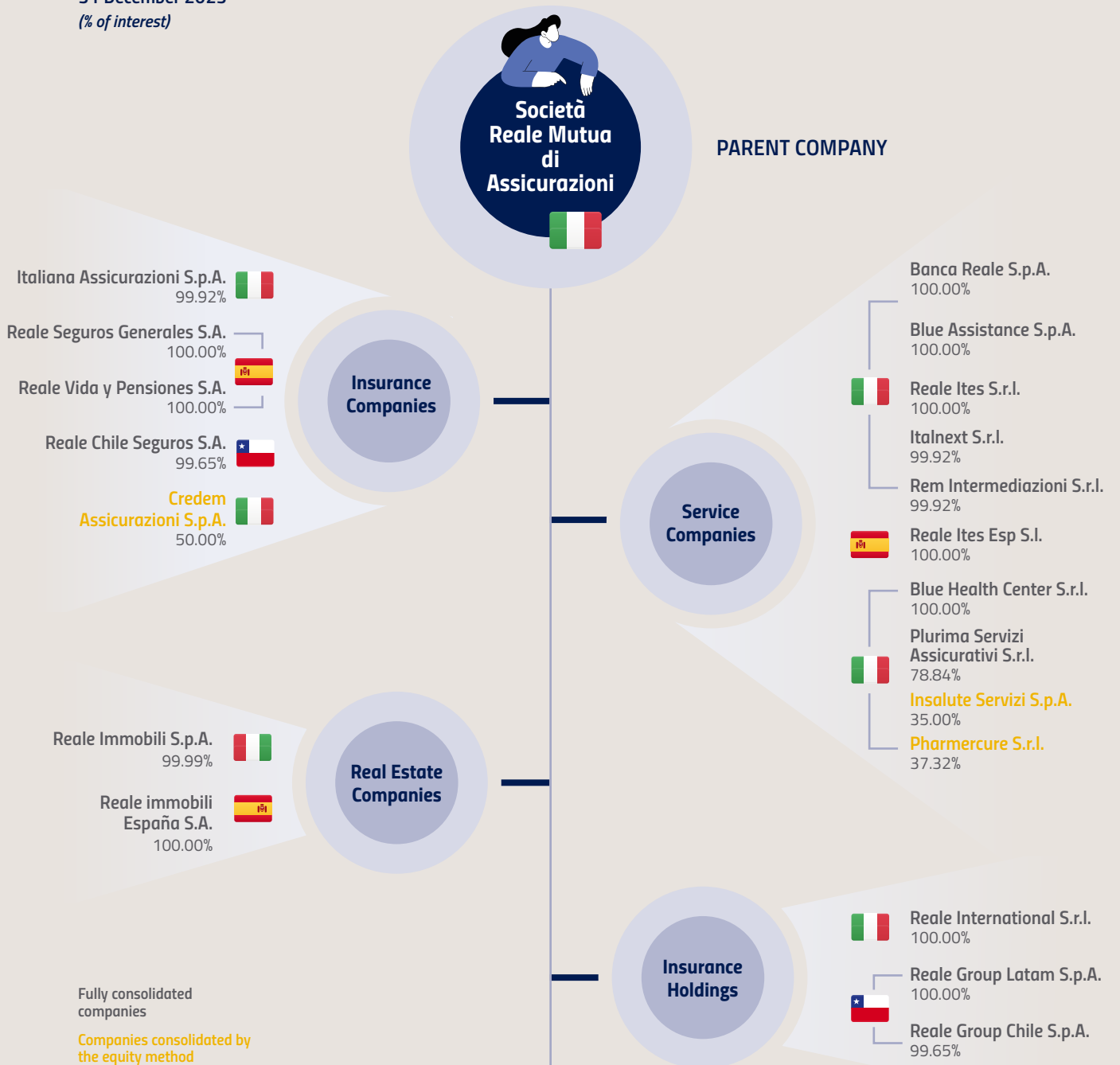


2.2 Reale Group

2.2.1 Consolidation area

GROUP IDENTITY AND COMPANIES

Situation as of
31 December 2023
(% of interest)





2.2.2 Activities and sectors

NFD

Reale Group is an international, multi-service Group spread throughout Italy, Spain, and Chile through the Parent company Società Reale Mutua di Assicurazioni and its subsidiaries.

INSURANCE COMPANIES

Società Reale Mutua di Assicurazioni. The Parent company, founded in 1828, has its headquarters in Turin, Via Corte d'Appello no. 11, and is the first Italian mutual insurance company to have acquired the status of Benefit Corporation. As an insurer authorised to do business in all Non-Life and Life sectors, it offers insurance services and innovative solutions for individuals, families, companies and professionals, mainly through its widespread distribution network of agents in the region.

Italiana Assicurazioni S.p.A. This company is authorised to provide insurance in all the Non-Life and Life businesses. Its business involves offering insurance services and innovative solutions for individuals, families, companies and professionals, mainly through its distribution network of Agents in the region. The incorporation of the Uniqa Group Italian companies, which occurred in 2018, enabled the development of the distribution network and new forms of distribution as an alternative to the conventional ones.

Reale Seguros Generales S.A. This company, authorised to conduct insurance in Non-Life Business, has operated in Spain since 1988. The company operates on the basis of a distribution model consisting of agencies, brokers, and branches.

Reale Vida Y Pensiones S.A. This company was founded in 2010 in order to broaden the offering of Life and savings products by Reale Seguros.

Reale Chile Seguros Generales S.A. This company is the first international expansion of Reale Group since the start of operations in Spain; since 2017, it has developed its activities in the Non-Life segment in Chile.

CredemAssicurazioni S.p.A. This company, jointly owned by Reale Mutua and Credem S.p.A., operates in the Non-Life business and uses the Credem Group distribution networks.

REAL ESTATE COMPANIES

Reale Immobili S.p.A. This company looks after the management, preservation and enhancement of its real estate assets and those of the Reale Group Italian and Spanish companies, to which it provides technical and real estate consultancy.

Reale Immobili España S.A. This company takes care of managing and enhancing its real estate assets and those of Reale Seguros in Spain.

SERVICE COMPANIES

Banca Reale S.p.A. This credit institute, founded in 2000, offers special, innovative services to Group customers and pursues its activity through its branches in Italy and in the banking areas at Group agencies.

Blue Assistance S.p.A. This company offers qualified services in the planning, implementation, and disbursement of services and assistance for the individual, family, and their assets, and in managing technical-settlement, consultancy, and customer care activities.

Reale ITES S.r.l. and Reale ITES ESP S.l. These two companies represent the Group's technological hubs and the centres specialising in Information & Communication Technology.

Rem Intermediazioni S.r.l. This company is concerned with taking assignments directed at promoting the conclusion of insurance contracts and related administration activities.

Italnext S.r.l. This company performs brokerage activities for selling insurance products and for promoting social security and welfare protection; it also provides administrative, management, consultancy, and support services associated with insurance brokerage.

Blue Health Center S.r.l. The company, incorporated during 2023 following the contribution of the "Virtual Hospital and Mynet Services" business branch by Blue Assistance, aims to improve the life of people and society by creating digital services that make health services more accessible and available to everyone.

Plurima Servizi Assicurativi S.r.l. This is a digital broker (insurtech), which acts as a digital platform to make available market insurance solutions through other brokers, by way of “horizontal collaboration” logics.

InSalute Servizi S.p.A. This company is the new member of the Intesa Sanpaolo Insurance Division, established from the partnership between Intesa Sanpaolo Vita and Blue Assistance, in support of the insurance offer of insurance companies, designed to provide innovative assistance throughout the entire health services management process.

Pharmercure S.r.l. The company, established in Turin in 2018, is constituted by a platform that manages orders and home deliveries for all products that can be purchased in pharmacies, including prescription drugs.

INSURANCE HOLDINGS

Reale International S.r.l. This holding company was incorporated with the aim of organising, coordinating, and promoting the development of Reale Group outside of Italy.

Reale Group Chile S.p.A. This holding groups the interests of Reale Group and its local members on the Chilean market.

Reale Group Latam S.p.A. This holding was formed with the aim of promoting the development of Reale Group in Latin America.

NFD

2.2.3 Reale Group's mutualistic nature and values

ETHICS, PRINCIPLES AND VALUES

Mutuality and **Sustainability** are the principles that guide Reale Group and inspire its actions, highlighting the essence and distinctiveness of it on the market in terms of reliability, professionalism, quality of service, and the ability to best interpret and best meet the needs of customers and the region.

In 2001, Reale Mutua acknowledged the importance of adopting a tool that described the values, principles and conduct to be respected in relation to its Stakeholders. To this end, it developed and published its first **Code of Ethics**. Over the years, the Code of Ethics has evolved and has been adopted by all Group Companies (2013) and is regularly updated (2018, 2021).

The Code of Ethics is aimed at guiding all those who operate in, with and for the Group towards correct and fair behaviours coherent with the culture and five fundamental values of the Group itself: **Responsibility, Integrity, Cohesion, Innovation, Centrality of Individuals**.

Reale Group's Code of Ethics also confirms the Group's commitment to operate in compliance with all the values and principles of civil society, including that of legality. In this respect, the Group fully complies with all primary and secondary regulations in force in the countries and markets in which it operates.

The Code of Ethics is, in addition, an integral part of the Organisation and Control Model that each Group company has decided to adopt pursuant to the laws governing the

2001
first edition of the
Code of Ethics

since 2013
extended to
all group companies



the **5** founding
values



Letters to the Stakeholders

Introduction and information on performance

Stakeholders and materiality

Governance

Value and asset creation

Appendix

Consolidated accounting schedules

Notes to the financial statements

Impact report

PSI report

Reports of the Independent Auditors

liability of legal entities arising from offences; at the same time, the Code of Ethics is promoted and disseminated internally between the Group Departments, and externally through the websites of the Companies.

Again as part of the commitment towards promoting a sustainable global economy respectful of human rights and of labour, environmental protection and the fight against corruption, once again in 2023 Reale Group confirmed its membership of the **UN Global Compact (UNG)**, a United Nations initiative established in 1999 to encourage companies across the world to adopt sustainable policies, agreeing, supporting, and applying within their sphere of influence a set of fundamental and universally agreed principles.

Reale Group adheres by promoting the principle of long-term sustainability through responsible actions, policies, business practices, social and civil behaviours which also take account of future generations.

Reale Group participates in the working groups of the Global Compact Network and makes available this Report as a "Communication on progress", as required by the Global Compact itself.

REALE MUTUA'S NATURE AS A MUTUAL INSURER

Reale Mutua was established in Turin in 1828 with the signing of the Royal Patents by King Carlo Felice, first insured; in Italy it represents, together with Itas Mutua of Trento, the largest insurance company in the form of a mutual and Benefit Corporation in the country.

Mutuality is an expression of an ancient need for security and solidarity, which is practically realised through insurance and its evolution that enables the creation of new forms of risk assumption and distribution to benefit individuals but also, more generally, social, economic, and technological development.

Although not particularly widespread in Italy, for almost 200 years, the mutualistic model allowed the two mutual companies to respond to insurance needs of people but also and above all to create and redistribute value within the communities in which they are present and in which they operate.

In Europe, companies in mutual form are very widespread and they represent approximately 40% of the insurance market share, guaranteeing to a large number of Members/Policyholder resilience, solidity and solidarity.

All Reale Group companies are inspired by the mutualistic model of the Parent company Reale Mutua and undertake to spread it through their active participation in the international working tables promoted by **Amice** (Association of Mutual Insurers and Insurance Cooperatives in Europe) and **Eurapco** (European Alliance Partners Company). These two Associations/Partnerships aim to develop dialogue and encourage synergistic activities between mutual insurers in Europe.

Reale Mutua promotes the concept of mutuality in the local area, the academic world, schools and the third sector, by developing and participating in discussions, dialogue and in-depth analyses to raise public awareness of the meaning, action and effectiveness of mutuality as an economically and socially sustainable model, developing good practices



The Parent company is **Italy's largest insurance company in Mutual form**

Since 2021 also **Benefit Corporation**

The **mutualistic model** inspires all Group Companies



Benefits of mutuality
delivered in 2024

€ 9.8 million

of organisations active in Italy, as occurred, for example, through the promotion with Itas Mutua of the "Mutuality Prize", a national initiative established in 2023 precisely with the aim of spreading values of mutuality through support of virtuous projects which aim to build a more sustainable future.

Reale Mutua is an independent company; it does not have bearer shareholders. It must, therefore, be self-financing, basing itself on the capacity to generate equity with its daily activity and ensure that this guarantees its investments for development, solidity, and, as a result, sustainability and independence.

Being a Mutual insurer implies a precise commitment, which the Parent company keeps by ensuring its Members/Policyholders special care and conferring "mutual advantages" on them, i.e. benefits that are transferred to Members to ensure them better opportunities compared to those that they could obtain on the market.

With regard to Mutuality Benefits, Reale Mutua, again in 2023, allocated part of its resources to the Insured Members.

During the Meeting of Delegates' session on 2 December 2023 the disbursement of benefits, amounting to €9.8 million, was resolved for 2024.

In addition, in line with what was carried out in recent years and in accordance with the mutual spirit of our Group, Italiana Assicurazioni and Reale Seguros will also set aside, overall, €1.3 million in provisions for their Policyholders.

PURPOSE MISSION VISION

There are numerous events that have characterised recent years and that are still having a structural impact on the context: the pandemic, the war, the energy and climate crisis, new ways of working consequent to the digital transformation, etc. These conditions have laid the foundations for launching some long-term projects, with the aim of creating a set of assets capable of impressing on our organisation an even stronger, more effective, and shared vision.

In this complex context, between late 2022 and the first-half of 2023, Reale Group, with the guidance of the Resources Department- Change Management Function, began an important path of co-creation and internal reflection to define the Group's Purpose, Vision and Mission.

These statements express in just a few words the profound sense of our being and our actions on the market, namely the reasons that push us to offer protection to individuals and to have a positive impact on their lives.

Defining the Group's Purpose, Vision and Mission means crystallising our "reason for being", our "what" and our "how", namely the motivations that lead us naturally to provide and to deal with protection, care and security.



PURPOSE

Taking care of people for a better world, together

This disclosure emphasises the fact that Reale Group takes care of the well-being of People who form part of the Group, in any capacity: customers, employees, brokers, suppliers, and Stakeholders in general. Only with this commitment can we build a better world, together.

VISION

Developing the well-being of people and communities, creating trust over time

To achieve the Purpose, the Group intends to develop the well-being of people and communities in general; they rely on our organisation, in fact, as it stands out on the market for its reliability, deriving from the lasting, transparent and credible relationships that it establishes with all its Stakeholders.

It is precisely in this relationship of trust that our companies must continue to invest over time.

MISSION

Protecting and helping people with simple and sustainable solutions inspired by our mutuality principles

The insurance cover and services developed by Reale Group offer protection. They are modern, current, sustainable and simple solutions, because simplicity is the key to innovation. All this is done in our own unique style, constituted by our complete respect of mutualistic principles.



Purpose



Vision



Mission

In this scenario, our Purpose, Vision and Mission are not theoretical declarations that remain unchanged over time; instead, they continue every day in our daily activity and guide every decision, becoming a strategic asset experienced and shared within the Group, acting as its inspiration, from the business to Human Resources, from investments to assets, making our organisation a better and more solid place.

BEING A MUTUAL AND BENEFIT CORPORATION

In 2021 Reale Mutua started an internal path that led, on 4 December 2021, the Meeting of Delegates to resolve upon the by-law amendments that enabled the Company to acquire the status of "Benefit Corporation", according to what is set forth by Italian law (Law no. 208 of 28 December 2015).

In early February 2022, the Supervisory Authority (IVASS) approved those amendments; this was an essential step in the strategic sustainability path commenced by the Group which, as will be investigated further in the subsequent sections of this document, expresses one of the ways through which Reale Group pursues its *Purpose*.

6

Common Benefit Purposes

> further information at page 424



Impact Report

> chapter 9

Being a Benefit Corporation is, thus, combined with being a mutual insurer; these are two aspects that strengthen each other, while remaining separate, giving greater impact to external communication of what it means to be a mutual insurer and the values/goals that are pursued when you possess this nature as well.

2023 was the year of awareness and of internal organisation around being a mutual insurer and a Benefit Corporation. There were various periods of discussion with regard to the methods and actions for creating value and impact in relation to the six **Common Benefit Purposes** that the Company has inserted into the Company By-Laws.

The aim of Reale Mutua as a Benefit Corporation, therefore, is to balance the interest of Members/Policyholders with those of all other Stakeholders; for a mutual corporation, this balance does not occur between contrasting interests but between converging interests, unlike what occurs in traditional corporations. Mutuality and Benefit are, in fact, two elements at the basis of Reale Mutua's business model.

In 2023 Reale Mutua prepared its second "**Impact Report**" as a Benefit Corporation, as stipulated by the law.

As well as being attached to the Statutory Financial Statements and published on the Company's website, this year again, the Report is published in this Document in Chapter 9, as the model adopted is included within the Group's integrated sustainability model. Reale Mutua strongly believes that insurance companies in mutual form and those that have chosen to become Benefit Corporations have an important role and responsibility on the market and in society in outlining practicable solutions attentive to achieving a balance between the business, innovation and the requirements for inclusion of different brackets of customers. It hopes, also through the participation in **Assobenefit**, the National Association of Italian Benefit Corporations, that this virtuous model will spread further throughout the country.

2.2.4 Strategy

In a global context characterised by strong political instability, macroeconomic uncertainty and financial volatility, Reale Group, during 2023, continued in its strategic transformation path in terms of the "mindset" of people, processes, ways of working, technological aspects, and business models, in order to prepare itself, in a medium to long term vision, for the challenges of coming years, while preserving, at the same time, the mutualistic values and the sustainable and socially responsible approach towards its Stakeholders that has always characterised its positioning in the markets in which it operates.

It was therefore necessary to define a strong "**ambition**", a guide to continue the path towards excellence in order to optimise the satisfaction of Stakeholders and to achieve sustainable growth over the next decade; during the year, therefore, the redefinition of the Group's identity was finalised, namely the Purpose, Vision and Mission that laid the foundations for redefining Reale Group's long term positioning ambitions.



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Those ambitions were subsequently laid down on paper in a document entitled “**Ambition Letter**” which will represent, for the coming years, a strategic guidance tool able to orient the Group’s decisions in an increasingly complex and volatile context.

The Ambition Letter outlines Reale Group’s strategic guidelines and initiatives, reflecting a constant and cross-sectional commitment towards **service excellence** and **attention to the collective interest** with the aim of strengthening its positioning as a **leader in the relationship of trust** with its Stakeholders.

Combining a complete offer in favour of its Customers, which responds to increasing and changing needs for security and services with the creation of future economic value to strengthen the Group’s financial solidity was the main directing guideline in the year’s activities.

The Group’s main areas of strategic guidance are listed below and are illustrated in more detail in this section:

Enhancement of human assets	Impact sustainability	Revenue growth, centrality of Agents and Distribution Networks
Digital innovation and technological transformation	Internationalisation	Capital management and financial soundness

ENHANCEMENT OF HUMAN RESOURCES

In Reale Group’s vision, strategies for enhancing human resources are based upon the presupposition that all colleagues are different and unique people who, with their own skills, passions, ambitions, and experiences, operate every day as the central figures and driving forces of growth within the organisation.

The task of the HR areas is therefore to create a favourable context for talent development and for the well-being of all people in the organisation.

This is why, with reference to the values of the Code of Ethics, the principles relating to being a Benefit Corporation and the statements expressed in the Ambition Letter, in the Purpose, Vision and Mission, the Group orients initiatives for enhancing human resources towards a single objective: taking care of all people and their ability to be the soul of all innovation, responding to both personal and organisational needs and ensuring that they work in a condition of well-being, as a fundamental condition to guarantee the prosperity of the company.



The Ambition Letter provides the strategic guidelines of the Group at 10 years

2 Principles

Sustainability

Mutuality

3 Strategic Guidelines



Service excellence

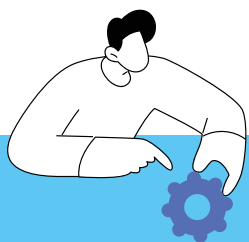


Collective interest



Relationship of trust





80 People Strategy 2023 projects split into **four closely linked topics**

- 1 Well-being
- 2 Attraction-Retention
- 3 Smart Organisation
- 4 People&Culture

NFD

It is this vision that characterises Reale Group's **People Strategy 2023**, the annual document that encompasses the business strategies, HR activities and Business Plan programmes.

This is a planning and operational road map that is agreed with the Group's senior figures of the Group with the aim of creating conditions through which the organisation can become an "ecosystem" composed of individuals and teams ready to interpret to the best possible extent the complexity of our times and the sudden evolutions of the market.

The 2023 edition of the People Strategy was developed by the HR managers of the different countries (Italy, Spain, Chile and International Division) and is characterised by approximately eighty projects split into four extremely interconnected "topics": **Well-being, Attraction-Retention, Smart Organisation** and **People&Culture**.

Sharing, communication and involvement at all Group levels were the key elements of success for implementing the People Strategy during the year.

IMPACT SUSTAINABILITY

In continuity with previous years, ESG issues represented the distinctive elements of Reale Group's strategic positioning, one of the main engines for generating value towards Stakeholders, being confirmed as such also in the Group's long term ambitions.

The "**impact-oriented**" business strategy aims to achieve the complete integration "ex ante" of ESG aspects as significant assets in planning, design, risk analysis and investment processes, as outlined by the most recent industry regulations; this decision will facilitate the gradual evolution of the Group's business model towards a "targeted impact" model, namely one oriented towards generating and measuring impacts, risks and opportunities of the business activities, from a "double materiality" perspective.

In line with the aim of integrating sustainability "ex ante" into the planning, design, risk analysis and investment processes, the Group has launched a strategic three-year project known as "ESG in Corporate Strategy", with the aim of supporting it through the effective integration of environmental, social and governance aspects into the business by defining a strategic and operational ESG plan for the Group.

The project will also facilitate a precise adjustment to the regulatory requirements envisaged by Directive no. 2022/2464 regarding Corporate Sustainability Reporting (CSRD) and continuous improvement of sustainability reporting which will be published in 2025 (2024 financial year).

This approach, in continuity with the plans implemented in previous years, is aimed at facilitating both precise and correct respect of the legislation in this area, and the maintenance of the Group's strong positioning on sustainability.



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The perimeter of activities will include the insurance business, banking and real estate, and services, and will involve all companies in the different countries in which the Group operates, encompassing the majority of the business functions.

In this context, Reale Foundation, Reale Group's Corporate Foundation, also developed during the financial year its own strategy, supporting, in a continuous international dialogue between the different countries in which it operates, more and more initiatives with a high social and environmental impact that can be developed according to a self-sustainability and profitability model.

For this reason, Reale Foundation, in line with its mission, will enable beneficiaries of the contributions to be identified not only as recipients of "impact" initiatives but also as actors in a new economic and social enterprise model capable of determining returns in the medium to long term.

REVENUE GROWTH, CENTRALITY OF AGENTS AND DISTRIBUTION NETWORKS

The evolution of the general context and external events has made it necessary to introduce some new factors into the strategic guidance of recent years, albeit while ultimately confirming the consolidated guidelines of a strategy that always places the Member/Policyholder-Customer at the centre and that sees in the relationship with Distribution Networks the key pillar of a collaboration aimed at improving the consulting approach.

The Group's customer-centric vocation, attentive both to the development of its Customer portfolio and to maintaining high levels of revenue across all business lines, has required and will increasingly require in future greater attention to the evolution of relationship methods with its Members/Policyholders-Customers both through innovation and the renewal of tools and processes, and through the evolution of its internal organisation and its business models.

The main challenges we will face in the coming years include, therefore, the maintenance of a general revenue growth mainly of the "insurance core business" and an increase in the quality level in "execution", a fundamental aspect for increasing competitiveness and for modernising the Group; this modernisation also involves a new concept of Agency increasingly in step with the times, as planned by the "Future Management Agency" project, recently presented to the Corporate Bodies and to the members of Reale Group's Senior Management.

In parallel, during the financial year, the development of innovative products and services in the field of protection and health continued, in confirmation of the Group's ambition to become a leading player in Welfare ecosystems, strengthening the relationship with our Members/Policyholders-Customers thanks to the precise response to their requirements in these fields. The strategic guidelines are completed by the continuous evolution of the Group's banking and real estate components aimed at maintaining a high level in the context of the integrated offer also in the financial and real estate area.

In accompaniment of these elements, the brand and communication strategy with an international matrix has aimed at and will continue increasingly to aim at enhancing the Purpose, the mutualistic imprinting, the business and the proximity to all Stakeholders of the various areas, always focusing on the "Together More" pay-off.

DIGITAL INNOVATION AND TECHNOLOGICAL TRANSFORMATION

Reale Group's transformation path has continued and will continue in the coming years, with the aim of making the Group companies increasingly agile and flexible, capable of responding to digital challenges with a precise strategy of innovation, necessary to deal with the future and to provide appropriate and timely responses to the evolution of the needs and expectations of Stakeholders and to market trends.

2 Strategic macro-areas

well-being

living property

The increasingly widespread research and use of innovative technologies (digital and others) to be integrated into traditional business models will make it possible to evolve relationships with Members/Policyholders-Customers, but also with Agents and the Distribution Network.

In this perspective, the Digital Transformation strategy has focused, and will continue to do so, on developing and consolidating the six areas of innovation already identified in the past, namely:

- **Corporate Venturing:** directed at screening and assessing opportunities for investment in start-ups (not just insurance ones);
- **Reale Lab 1828:** innovation laboratory that explores the most relevant strategies and technologies for the future of insurance and services related to it;
- **Digital Factory:** Agile and Design Thinking skills centre providing new professionals required to support areas or planning;
- **Data Science Centre of Excellence (CoE):** centre of excellence and data science expertise, a strategic area in which new technologies and processes are experimented with and implemented in order to obtain a "new added value from data";
- **Digital and Omnichannel:** oriented towards the two-fold goal of becoming a centre of excellence in the digital field, with a specific focus on UX/UI, and developing the digital business of insurance companies, assisting the traditional channels and/or facilitating any agreements with third-party distributors using digital processes;
- **Ecosystems and Partnerships:** directed at identifying and developing strategic partnerships.

The latter, in particular, was expanded during the 2023 financial year, redefining its strategic perimeter of action.

In fact, in the current market panorama, characterised by strong volatility and macroeconomic and geopolitical uncertainty, Reale Group began during the year a path of creation of know-how and definition of its role within nascent business ecosystems, in line with the strategic directives and long-term ambitions.

As part of this path, two specific areas of action were identified, as indicated below:

- **"well-being"** area, in particular, the "health ecosystem", with the aim of offering, from prevention to cure, an experience of use of immediate, accessible and high quality professional services;
- **"living property"** area, in particular "condominium ecosystem", with the aim of implementing an offer of services for improving ordinary and extraordinary real estate management and for resolving needs related to individual residential units and households.

The technological transformation component entrusted to Reale ITES (Italy and Spain), namely two companies having the task of guaranteeing the Group's operations through the provision of sustainable and cutting-edge technological services, aimed at accompanying the evolution of the business models, products and services offered, is also confirmed as a key strategic element of Reale Group's transformation path.



During 2023, Reale ITES continued the redesign of the Group's technological hub by establishing a new **ICT Strategic Programme**, which, from 2024, will be oriented, in respect of the strategic business guidelines, at recovering the gaps identified from the comparison with the market (namely reduction and optimising of expenditure, infrastructural and application simplification, and increase of organisational effectiveness/efficiency) enhancing at the same time the quality of the service in favour of all the Group's technological Stakeholders.

Furthermore, the digital transformation, assisted by the introduction of the "Agile" methodology in the construction of products and services, continued its experimentation activities with a redesign of the operational/organisational model in support of the main development processes in order to guarantee better control in the production chain and governance of the application solutions made available.

The main projects continued or started in 2023 include:

- the "**TOM**" project in Italy, which continued the transformation of the applications of Motor segment information system by adopting a unified front end for the placement of products distributed via the Agency Networks and a series of functional and process improvements aimed at facilitating the placement and underwriting phases of the products;
- the "**Life**" project in Italy, which enabled the implementation of new functions on the Agency front-end particularly to make after-sales processes more efficient and optimised;
- the "**non-Motor non-Life**" project in Italy, which has aimed to increase the efficiency of management of the various segments of the sector, laying the foundations for digital transformation initiatives of future business models;
- the "**Journey to Cloud**" project in Italy and Spain, with which the "in cloud" migration activities of "non-productive" environments continued;
- the "**Digital payments (Fabrick)**" project in Italy, which saw the development of "pilots" for the inclusion of new payment methods within the Group's various sales outlets (Agencies, Banks, Financial spaces, etc.);
- the "**CIS**" project in Spain, where activities continued to define the new product configurator (Fenix) and for the evolution of the portfolio back-end (AIRE).

In the Cybersecurity field, on the other hand, the activities during the year were concentrated on strengthening all services and levels of control in relation to cybersecurity, also because there has been a major increase in hacker attacks. Furthermore, as part of IT Risk Analysis, all of the Group's Legal Entities have actively supported the usual process of annual assessment of the "IT risk", producing the draft strategic intervention plan.

Finally, at the level of technological architecture, the development interventions have continued with a view to achieving an increasingly open, flexible, scalable, stable, and high-performing architecture, which favours the development in "Agile" methodology and the use of Cloud potential.



6

Projects



INTERNATIONALISATION

During 2023, the activities aimed at achieving the Group's international ambition led to the signature of the agreement for the acquisition of the Greek Company **Ydrogios**, which will be finalised during the early months of 2024.

Furthermore, Reale International S.r.l. was incorporated in October, a company into which, during 2024, the foreign insurance companies already present in the Group will merge. In addition, the International Division continued its mission during the year, performing a series of analyses on other potential development opportunities in new markets, confirming the ambition, for the future, of diversifying its presence in carefully selected contexts and countries, both from the geopolitical and socio-economic perspective, which may represent good opportunities for revenue development.

CAPITAL MANAGEMENT AND FINANCIAL SOUNDNESS

Based on the recent Capital management policies and methodologies defined and approved by the Boards of Directors of all Group companies, the activities for optimising the allocation of capital among the various Legal Entities were pursued during the year, to maximise the benefits and returns.

In addition, in order to consolidate the management and control of financial soundness and solvency in the context of the Solvency II regulatory regime, in 2023, the path begun in the previous year with the Supervisory Authority continued, with a view to extending the Internal Model to the Life Business to supplement the Internal Model already available for the Non-Life Business. This path had a successful outcome, with approval from IVASS in the early months of 2024, and will involve the adoption, on the 2023 annual closure, of the internal model also in the life business.

2.2.5 Main events during the financial year

The main initiatives in the various corporate areas, which characterised the Group's actions in 2023, are reported below.



Ydrogios Insurance and Reinsurance S.A.

- 7th place for Non-Life companies in Greece
- income of € 89.4 million
- 4.7% market share in 2022
- 2000 multi-mandate agents and brokers

SIGNATURE OF AN AGREEMENT TO ACQUIRE CONTROL OF YDROGIOS INSURANCE AND REINSURANCE S.A.

On 5 July 2023 the Parent company signed the agreement to acquire a controlling equity investment in an insurance company operating in the Non-Life business, based in Greece (Athens) and known as **Ydrogios Insurance and Reinsurance S.A.**

The process of authorisation and communication to the Greek and Italian supervisory authorities has been completed and the operation is expected to be finalised indicatively by the first quarter of 2024.

Ydrogios, founded in 1973, is an independent insurance company on the Greek insurance market, active exclusively in Non-Life businesses, and a significant portion of its portfolio is represented by Motor business lines. It is positioned in 7th place among Non-Life



companies operating on the Greek market and with a premium income of € 89.4 million, it held, in late 2022, a market share of 4.7%. Its distribution model is based on a network of 2,000 multi-mandate agents and small brokers.

Its sales network operates across the whole of Greece and its distribution capacity is particularly strong in the suburban areas and the islands, where the Insurance Company's market share exceeds, in some cases, 20%.

By entering the Ydrogios capital, Reale Mutua will be able to facilitate the Insurance Company's industrial development, generating, thanks to its expertise, further growth of the Non-Motor segments and strengthening cross-selling among the current customers.

INCORPORATION OF REALE INTERNATIONAL S.r.l.

On 9 October 2023 Reale International S.r.l. was incorporated, **an investment holding company, wholly owned by Reale Mutua having as its corporate purpose the acquisition, for the purpose of stable investment, sale and management of investments in foreign insurance companies.**

For the markets in which the Group is already present, the task of the holding will be the technical, administrative and financial coordination, strategic planning and development of the subsidiaries as well as the development of their financial and strategic investments.

The Company will also be responsible for the strategy, management and coordination of the Reale Group's international development, through study, data analysis, due diligence, verification, and support activities, and the investigation into new countries in which the Group intends to enter, grasping the opportunities offered by the market in line with the Group's internationalisation strategy.

PARTNERSHIP WITH INTESA SANPAOLO VITA

During the first half of the year, with the transfer of the Blue Assistance "TPA InSalute" business branch into the company of the Intesa InSalute Servizi Group, the partnership operation begun in 2022 was completed; this was aimed at creating a Third Party Administrator (TPA) specialising in the performance of services linked to health related claims.

After the transfer, InSalute Servizi is 65% held by Intesa Sanpaolo Vita and 35% by Blue Assistance, and it operates within the Insurance Division of Intesa Sanpaolo in the management of claims and development of a network of affiliated health facilities to support Intesa Sanpaolo RBM Salute's insurance offering. The Company is active in managing health and assistance services for Intesa Sanpaolo's captive clients, the Supplementary Health Insurance Funds, the Assistance Funds, Mutual Insurers, Companies and other Bodies operating in the supplementary health and assistance sectors.

The investment of Blue Assistance in InSalute Servizi, following the transfer and a simultaneous sale of shares, is, as mentioned above, 35%. The operation generated a capital gain from the transfer of € 39.9 million.

INCORPORATION OF BLUE HEALTH CENTER

As part of the strengthening strategy in the Health market, the subsidiary Blue Assistance launched, from as early as 2022, a project dedicated to developing and marketing Digital Health services, by means of a digital platform and corporate vehicle - Blue Health Center - that operates as a supplier on the Italian market.

The new limited liability Company was incorporated on 13 March 2023 with initial share capital of €0.5 million subscribed in full by Blue Assistance. On 1 August 2023 the transfer of the Virtual Hospital and Mynet branch of Blue Assistance into



BHC

is the first digital health structure of the Piedmont Region

the new Company was completed against a capital increase of € 6.4 million. Finally, in November, a capital payment was made, by Blue Assistance, amounting to € 1.5 million.

Blue Health Center currently constitutes the first digital health facility of the Piedmont Region, after the City of Turin Local Health Authority granted, on 28 November, the health authorisation to open the "Blue Health Center S.r.l." Telemedicine Medical Clinic with operational headquarters in Via Santa Maria no. 11, Turin.

To that end, in November, the Company launched a new platform - QURAKARE - which will be available on the market from January 2024.

The platform has three main functions: to guide users in the choice of care and prevention paths, to support access processes to services by helping patients to organise and digitalise the management of their family's health, and to enable the provision of health services directly to end users. Among the distinctive services that provide users with support throughout the entire "patient journey", QURAKARE offers:

- 24 hour doctor availability: GP who can be consulted 24/7 to support patients in identifying the health services present on the platform;
- remote examination: video examination with possibility of prescription, reporting and diagnosis;
- customised paths: customised care and prevention paths defined based upon medical history;
- dynamic repository: digital clinical archive populated by the doctor and by the patient.

The synergy with Blue Assistance, able to provide thirty years of experience in the field of health assistance and a network of over 5000 qualified health facilities across the whole country, allows patients to be overseen throughout their whole journey, in an integrated manner between digital and physical experience.

ACQUISITION OF THE INSURTECH PLURIMA SERVIZI ASSICURATIVI PLATFORM

On 20 March 2023 the Italiana Assicurazioni Board of Directors granted suitable powers to proceed with the purchase of Plurima Servizi Assicurativi S.r.l. up to the entirety of the share capital.

On 3 May 2023, the investment sale contract was signed, which states that the ownership of the shares will be transferred in three tranches, as follows:

- at the first execution date, occurring on 23 June last year, with the signature of a notary deed of transfer of the investment, a portion of 78.9% of the Company capital was transferred;
 - at the second execution date, occurring on 2 February 2024, a portion of approximately 5% was transferred which, added to that already held of 78.9%, took the acquisition to 83.9%;
 - at the third execution date, a portion of 16.1% will be transferred.
-



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Plurima Servizi Assicurativi is a digital broker (insurtech), which acts as a digital platform to make available market insurance solutions through other brokers, by way of "horizontal collaboration" logics.

It is one of the most evolved platforms dedicated to developing insurance solutions, an ideal digital partner for brokers: a single interlocutor that offers a broad choice of policies and prices, which has made technology - seen as ease of interaction with users and process simplification - its calling card. The platform has been operational since 2019 with the aim of bridging the gap between an increasingly technological market and the absence of flexible and evolved tools for brokers.

The acquisition will enable Italiana Assicurazioni to extend its activity, accelerating the evolution of the range of services offered both to its network of brokers and to the market in the retail and corporate sector, by way of its subsidiary Italnex.

REALE GROUP CONTINUES TO INNOVATE IN THE HEALTH WORLD, INCREASING ITS STAKE IN PHARMERCURE

In December Reale Mutua increased its stake, from 16% to 37.32%, in Pharmercure, an online platform that enables the provision of the **home delivery service of all products that can be purchased in pharmacies**, including prescription drugs. With its presence in Pharmercure, Reale Group aims to consolidate and re-launch its position in the welfare and health world, making available to Blue Assistance and to the Group a fundamental element for being a leader also in the vast world of services.

STATE OF EMERGENCY FOR THE EMILIA-ROMAGNA AND MARCHE REGIONS FOLLOWING NATURAL EVENTS OCCURRING FROM 1 MAY 2023: REALE GROUP INITIATIVES IN FAVOUR OF ITS MEMBERS/POLICYHOLDERS

Reale Group, similarly to what occurred for the catastrophic events that struck some areas of Italy in past year, decided to provide concrete aid to the populations affected in May by the flooding that hit Emilia-Romagna and Marche.

In particular, the Group decided to allocate € 3 million as compensation in favour of its Member/Policyholder companies that suffered major damage due to the flooding and that were not covered by policies for natural disasters.

Furthermore, Banca Reale has confirmed its willingness to activate for three years zero-rate loan procedures for companies that suffered particularly hefty damages, to assist in their speedy recovery. At present, over 90 members and customers of Reale Mutua and Italiana Assicurazioni have been affected by the flooding, some of these also members of Confagricoltura.

In the immediate aftermath of the emergency, Reale Group, by way of Blue Assistance, had already activated measures aimed at providing rapid and effective support to its Members/Policyholders by establishing a dedicated emergency number, providing

€ **3** million
Compensation
for Members/
Policyholders
damaged by
the Emilia
Romagna floods

the possibility of calling the tow truck out free-of-charge and activating, again free-of-charge, a 24/7 telephone medical consultation service.

For Members/Policyholders of Reale Mutua and Italiana Assicurazioni, the default periods were extended with reference to policies with subsequent expiry, both for the motor business and for the non-motor non-life business. The default period for the Temporary Life Insurance and Long-Term Care policies was extended to 60 days, the credit recovery activities were suspended and the company waived the right to claim limitation periods and forfeitures that had accrued. Finally, appraisal time frames were accelerated, immediate clearance activities were activated, and compensation was brought forward.

Again in the immediate aftermath of the emergency, Reale Foundation - the Reale Group Corporate Foundation - also intervened, donating basic necessities to the Emilia-Romagna Civil Protection Service.

NET PROMOTER SCORE

The number of Members/Policyholders - Customers of Reale Group as at 31 December 2023 is higher than 4.8 million and is up compared to the same figure for the previous year. 55% are located in Italy, 44% in Spain and the remaining 1% in Chile.

The following table shows the breakdown by Company and the comparison with 31 December 2022.

(Number of members/customers, in thousands)				
Company	2023	2022	CHANGE %	
Reale Mutua	1.437,7	1.405,2	2,3%	
Italiana Assicurazioni	1.194,0	1.167,5	2,3%	
Reale Seguros	2.023,1	1.985,3	1,9%	
Reale Vida	88,7	83,2	6,6%	
Reale Chile Seguros	61,7	62,6	-1,4%	
Total	4.805,2	4.703,8	2,2%	

Also at the end of 2023, the **Net Promoter Score** (hereinafter NPS) was provided for the Group insurance companies. This index measures the extent to which the company can be recommended by its customers (with a value from +100 to -100) and is, therefore, one of the most important indicators for evaluating Customer Experience. The Group Companies consolidated or improved the good results achieved the previous year.

Specifically, for Reale Mutua, the NPS measured at the end of 2023 was 53.36 (54.84 at the end of the previous year) while, for Italiana Assicurazioni, it stands at 53.85 (51.98 in 2022). For Reale Seguros substantial stability is recorded (31.03 against 32.96 in 2022) while for Reale Chile Seguros there is an excellent increase: 40.04 against 25.70 in 2022.



OTHER MAIN EVENTS DURING THE FINANCIAL YEAR

Mutuality Prize

In the first half of 2023, the project regarding the first Mutuality Prize concluded.

The competition, established by the initiative of Reale Mutua and ITAS Mutua, is aimed at Foundations, Mutual Insurers, Associations, Cooperatives and Social Enterprises and makes available economic support of €100,000 for the implementation of a mutualistic project.

This competition, which was opened online from 27 February to 30 April 2023, enjoyed broad participation: a total of 207 Entities registered, 69 of which were admitted to the second phase as they completed the necessary due diligence.

The Scientific Committee identified the winner of the Prize as the Verona-based association **Quid Impresa Sociale** (a tailoring workshop employing disadvantaged or fragile workers) with the ONELAB – INNESTI project, a start-up programme of the first ethical and sustainable district of Made in Italy textiles established by the non-profit association, with the aim of making scalable small solidarity sourcing models of merchandising and textile accessories.

The announcement of the winner of the Mutuality Prize was made on 26 May during the Trento Festival of Economics, while the award ceremony took place in Rome on 30 May 2023 at Casa dell'Aviatore.

The chosen project was also presented as part of the Turin Festival of Economics, held from 1 to 4 June 2023.

International Festival of Economics XVII Edition

Reale Mutua renewed its support as **Main Sponsor of the XVII edition of the International Festival of Economics** "Rethinking globalisation", held in Turin from 1 to 4 June 2023. The Insurance Company organised a meeting entitled "Mutuality as a key connector towards impact economy in a globalised world" focusing on the major themes of mutuality, impact economy, and profit for purpose models.

Great Place to Work Certification for Reale Group

At the end of 2023 the fifth corporate climate survey was conducted, addressed to all employees of the Group's Italian companies: the **"Trust Index"**, an index which globally measures the corporate climate and the trust index of the company, recorded **65%** (as in 2021 and in 2022), enabling the Group to achieve its "Great Place to Work" certification. The results obtained confirm the trends that already emerged in the previous survey.

It should be noted, finally, that the corporate climate survey was also conducted in the other countries of the Group. In **Spain**, where the Great Place to Work survey reached its fourteenth edition, the **Trust Index** reached a value of **79%** (81% in 2022 and in 2021). In **Chile** the same index, measured during the fifth local edition, stood at **83%** (83% in 2022).



207
Registered entities

69
suitable
after due diligence

1
winner

€ 100,000
Prize

Blue Assistance

30 years
at the service of people

MF Insurance Awards 2023: a great success for Italiana Assicurazioni and Blue Assistance

On 7 February Reale Group participated in an important event: the MF Insurance Awards, which has for many years awarded insurance companies that have distinguished themselves in terms of performance, innovation, and proximity to the customer.

Once again this year Reale Group achieved great successes: **Italiana Assicurazioni**, in fact, was awarded in the **"Innovation Awards – Cross" category** for two very important projects, "Journey to new it - TOM, System Evolution" and "Talents and Business Culture - Imprinting Project". **Blue Assistance**, on the other hand, was awarded in the **"Innovation Award – Health" category**, for the process of handling health claims directly, with high technological content and using sophisticated artificial intelligence standards.

The market recognised the great work undertaken by the Company, in order to make the process, on one side, more efficient and, on the other, more usable by both customers and health facilities. During the award evening, in addition, the Company was also given a special mention for the **"Corporate Welfare, Employee Benefit" category** for the initiatives made available to Reale Group employees, in line with the concept of Corporate Welfare, which characterises the Group. In particular, the initiatives include, notably, a set of digital health services and the organisation of the flu vaccination campaign.

Blue Assistance turns 30

Blue Assistance, since 1993 at the service of the health of individuals, celebrated its 30th year with a series of high value initiatives:

- **Right to Happiness:** with support to Dynamo Camp, Blue Assistance enabled 30 families with seriously ill children to spend a weekend enjoying Dynamo Recreational Therapy;
- **Prevention and digital medicine:** on 5 April at the Auditorium of Reale Group's Headquarters, Blue Assistance organised a national conference to analyse the methods of managing health and emerging needs of families, also from the perspective of digital medicine. The conference was attended by doctors, academics, and representatives of institutions and was an interesting opportunity for learning;
- **Prevention for Reale Group people:** all Group employees, at the Turin, Milan and Udine offices, were able to enjoy the Health Capsule experience, which, through e-health devices, facilitates the self-measurement and self-assessment of one's state of health, obtaining useful indications for improving one's lifestyle;
- **Fund-raising for work restoration:** the Company took part in fund-raising to restore the crucifix of Bartolomeo Guidobono (1654–1709), preserved at the Academy of Medicine in Turin, which will be dedicated to doctors who lost their lives due to Covid-19.



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Financial strength rating

Last 7 March Fitch Ratings confirmed the financial strength rating (IFS) of Reale Mutua and Reale Seguros Generales at "A-" with a "stable" outlook.

On 30 November the same agency revised the outlook from "stable" to "positive" for both companies. The positive outlook describes the Agency's expectations of a reduction of risk of concentration of investments in Italian government bonds and a further improvement of its capitalisation, currently rated "very strong". The rating is confirmed as higher by two notches than the rating of Italy, continuing to reflect the Group's excellent results, the business profile, and the adequacy of the reserves.

Furthermore, on 5 May Fitch Ratings confirmed the FFA rating (Fortaleza Financiera de la Aseguradora) of Reale Chile Seguros at "A (cl)" and revised the outlook upwards from "stable" to "positive", reflecting the maintenance of favourable performance indicators, and greater consolidation of the business. Similarly, on 17 May Feller Rate improved the outlook of the Chilean company from "stable" to "positive", confirming the rating "A+", based upon its financial and commercial profile and the support of the Parent company.

Adhesion to the Principles for Sustainable Insurance (PSI)

In March 2023, Reale Group, through its Parent company Reale Mutua, signed the Principles for Sustainable Insurance - PSI, a global framework for the insurance sector to address environmental, social and governance (ESG) risks and opportunities.



> See chapter 10

Ethical Principles for responsible artificial intelligence

Reale Group has defined the guiding document for the implementation of Responsible Artificial Intelligence, identifying principles common to all Group companies, based upon sustainability, fairness, transparency, security, and reliability characterised by the centrality of people.

Insurance Connect Awards 2023, the awards of excellence in the insurance sector

The third edition of the Insurance Connect Awards was held in November; this was organised by the industry magazine Insurance Connect to recognise insurance industry operators that, in the last year, have stood out on the market.

A good 52 awards were given, at an event that saw the participation of over 300 professionals. Reale Group received the "Ecosystems – Agriculture" award for having generated a system of partnerships, projects and initiatives that support agricultural enterprises in the technological, digital, ecological, and energy transition, the "Mutuality Prize", promoted by Reale Mutua and Itas Mutua for the innate vocation in care for the local area and the community in which it is inserted and for having established multiple concrete partnerships in the field of volunteering, education, hospitality, and personal services and Blue Assistance "For the quality standards of the technological platform, the networks it uses and for personal assistance".



Insurance Connect Awards 2023

52
recognitions

Reale Mutua leader in sustainability

In 2023 the German Institute for Quality and Finance conducted a survey on sustainability issues on over 1,750 Italian companies. The survey, which investigated 17 aspects of sustainability with specific questions to which interviewees responded indicating the profuse efforts of the company on a scale from 1 to 5, identified **Reale Mutua** as **leader in the "Insurance" category** (sixth place in the general ranking).

Reale Mutua in "Italy's best employers for women 2024"

Reale Mutua is present in the ranking of the best places for women to work drawn up by the German Institute for Quality and Finance. The factors considered include business culture, **professional training, and equal opportunities**.

"2023 Sustainability Report Award" - Corriere della Sera

In April 2023 the newspaper Corriere della Sera analysed companies that stood out for the best sustainable projects in respect of ESG criteria and for their Sustainability Reporting.

The Parent company Reale Mutua received a special mention for the "Best G", namely the **best Governance**, with a particular focus on its great capacity for dialogue performed with the Stakeholder Engagement activities in the 2021 Integrated Consolidated Financial Statements.

"The Recipe for Health" new communication campaign

"The Recipe for Health" is the name of Reale Mutua's new communication campaign. The campaign, on air from 30 November to February 2024, used the cooking metaphor to illustrate Reale Mutua's commitment to protecting the health of its Members/Policyholders.

The campaign gave life to a new approach in Reale Mutua's editorial creation dedicated to products with the aim of facilitating clarity and lightness of their informative contents.



2.2.6 Summary of results

The main **operating results** in the 2023 consolidated financial statements, with the comparables at 31 December 2022, are shown in the table below.

	in millions of euro		
	2023	2022	Change
Insurance income from insurance contracts written	4,017.3	3,862.0	155.3
Insurance services expenses from insurance contracts written	(4,072.2)	(3,498.6)	(573.6)
Net insurance income/expenses from cessions to reinsurance	223.3	(97.8)	321.1
INSURANCE SERVICES RESULT	168.4	265.6	(97.2)
Income/Expenses from fin. ass. and liab. valued at FV posted in income st.	300.2	(448.9)	749.1
Income/Expenses from equity investments in associates and jv	44.8	5.5	39.3
Income/Expenses from other fin. ass. and liab. and from inv. property	445.1	392.2	52.9
NET INVESTMENT INCOME	790.1	(51.2)	841.3
Net Expenses/Income of fin. nature relating to ins. contracts written	(533.2)	151.8	(685.0)
Net Income/Expenses of fin. nature relating to cess. to reins	(2.0)	(3.0)	1.0
NET FINANCIAL RESULT	254.9	97.6	157.3
Other income/expenses	27.1	26.1	1.0
Operating expenses	(194.4)	(188.0)	(6.4)
Net provisioning to risks and charges provisions	8.8	20.8	(12.0)
Net adjustments/write-backs on tangible assets	(15.6)	(15.5)	(0.1)
Net adjustments/write-backs on intangible assets	(45.5)	(39.5)	(6.0)
Other operating expenses/income	0	0	0
PROFIT (LOSS) BEFORE TAXES	203.7	167.1	36.6
TAXES	(46.8)	(43.5)	(3.3)
CONSOLIDATED PROFIT (LOSS)	156.9	123.6	33.3
TOTAL CONSOLIDATED COMPREHENSIVE INCOME	199.8	45.6	154.3

Some **key data** for the 2023 consolidated financial statements are provided below, with the comparables at 31 December 2022.



GRI 2.1: SCALE OF THE ORGANISATION

Reale Group's financial soundness:

<i>Consolidated financial statements profit</i>	<i>Total Assets</i>	<i>Technical Result Life on managed amounts</i>	<i>Solvency ratio Solvency II (*)</i>	<i>Consolidated shareholders' equity:</i>
156.9 M euro	23,139.7 M euro	0.87%	266.6%	3,366.6 M euro
2022: 123.6 M euro	2022: 22,319.9 M euro	2022: 0.66%	2022: 244.2%	2022: 3,173.9 M euro
Change: 33.3	Change: 819.9	Change: 0.21	Change: 22.4	Change: 192.8

<i>CSM Vita/Liability for remaining coverage</i>	<i>Net insurance liabilities</i>	<i>Investments</i>	<i>Premiums written</i>	<i>Combined operating ratio - Non-life</i>
5.8%	16,468.6 M euro	19,256.5 M euro	5,751.1 M euro	99.2%
2022: 5.8%	2022: 16,016.2 M euro	2022: 18,878.5 M euro	2022: 5,357.1 M euro	2022: 96.0%
Change: 0	Change: 452.4	Change: 378.0	Change: 394.0	Change: 3.2

(*) the figure at 31.12.2023 refers to the IV quarter



Commitment to people:

<i>Number of Members/Customers</i>	<i>Number of Employees</i>	<i>Beneficiaries of Reale Foundation initiatives</i>	<i>Mutual advantages</i>	<i>Disbursements to Reale Foundation</i>
4,805.2	4,076	498.5 thousands of euro	9.1 M euro	1.54 M euro
2022: 4,703.8	2022: 4,011	2022: 492.2	2022: 18.7 M euro	2022: 2.49 M euro
Change: 101.4	Change: 65	Change: 6.3	Change: -9.6	Change: -0.95



2.3 Macroeconomic scenario and markets

2.3.1 Macroeconomic scenario

The 2023 international macroeconomic context was characterised by the healing of the wounds suffered by the economy global in 2020 in the biggest shock of the last 75 years and by the increase in growth divergences between the various economic regions. After a strong initial post-Covid-19 recovery, the pace of growth in major economies slowed, with different forces contributing to the slowdown: in addition to the long-term consequences of the pandemic and the impact of the war in Ukraine in terms of greater uncertainty and repercussions on the supply side of raw materials, the outbreak of the war in Middle East had a huge influence.

The phase of restrictive monetary policies now seems close to conclusion, although the timing and scale of their easing remain uncertain as inflation is still at levels far from the target, and global growth, although modest, is expected to remain positive in 2024.

Global economic activity, despite some positive surprises in the United States, is recording a moderate but widespread slowdown, with inflation falling but broadly higher than that observed in recent decades.

The International Monetary Fund, in its recent forecasts, estimates that the global GDP will reduce from 3.5% in 2022 to 3.0% in 2023 and to 2.9% in 2024.

For the **emerging markets** and for the **developing economies**, growth should reduce to a relatively modest extent: from 4.1% in 2022 to 4.0% both in 2023 and in 2024. However, this path conceals regional differences: the emerging countries of larger sizes in the last three years have shown signs of robustness, considering the amount and severity of the shocks that have occurred. The improvement in their credibility has played an important role, where structural and policy reforms have improved macroeconomic stability. Some emerging countries will maintain their growth rates, while others will be weaker due to internal obstacles.

A strong push by governments and by businesses to diversify their supply chains has led to a move away from those of China and the current geopolitical tensions have created the opportunity for emerging countries to capture a higher share of global trade.

In the **United States** the GDP growth rate was a positive surprise; having avoided the feared recession; this should stand, for 2023, according to the International Monetary Fund, at 2.1% (as in 2022), with a forecast for 2024 at 1.5%. This is due to the higher investments of businesses and the stability of household consumption, reflecting a labour market that remains solid. Furthermore, the budget policy orientation of public administrations should remain expansive in both 2023 and 2024.

The post Covid-19 recovery of the **Chinese economy** has been disappointing, although the slowdown seems to have come to an end.

After the sharp deceleration of economic activity in the second quarter due to a strong decline in the real estate sector, recent indicators of activity show signs of stabilisation. The most recent figures indicate a two-speed economy: the reduction of investments in the real estate industry continues, while economic activity in the other sectors, particularly the automotive industry, appears to be more robust.

GDP increases by 4.9% in 2023, up compared to the 3.2% of last year and in line with the IMF forecasts for 2024, which stand at 4.7%. Inflation is likely to remain contained in a context of domestic weakness and rising foreign demand.

In the **Euro area**, the 2023 economic slowdown is more marked compared to that of the United States: the estimated growth rate should in fact move from 3.3% recorded in 2022 to 0.7% in 2023. The slowdown recorded in 2023 in Europe is attributable to the general uncertainty that prevails, weakening both consumption and investments, together with the more restrictive financial conditions; in fact, the European Central Bank has aggressively continued the phase of raising official rates.

Thanks to these monetary policy measures and the expected economic slowdown, the drop in prices of raw materials (particularly energy) and the normalisation of production chains, expected inflation is down for both 2023 (+5.6%) and 2024 (+2.8%), despite remaining above the ECB target.

Italy has demonstrated a more vigorous post-pandemic recovery than that seen in other major countries of the Euro zone both during 2021 and 2022 (+3.7%); however, this over-performance appears to have come to an end recently: in 2023, after a good start, Italy appears to have entered a stagnation phase due to the high inflation and the negative effects of monetary tightening. There are no signs of a restart in industry, while services have lost impetus due to the effect of the normalisation of activity and the increase of prices; even the expected push from the projects envisaged by the National Recovery and Resilience Plan (PNRR) was lower than expected.

In 2023, according to IMF estimates, growth is expected to be significantly reduced to 0.7% and not dissimilar also in 2024, with a more marked increase of 1.2% expected in 2025, thanks to the recovery of disposable income and the easing of monetary policy as a result of lower inflation. The drop in inflation has also been significant in Italy, with the latest available figure standing at 1.7%, although the "core" component, adjusted for volatile energy and food factors remains at 4.2%, a level well above the ECB target.

Spain is again confirmed as the best performing country among those of the Euro zone with growth in 2023 which, albeit down compared to the 3.6% of 2022, amounts to 1.6%; the IMF forecasts for 2024 are further up, to 2%. Economic growth was driven by the domestic demand component and particularly by household spending, while investments are down, but limited to those in construction. The services sector is expanding, driven above all by tourism which contributed 0.6% of the GDP.

In **Chile** for 2023, GDP growth is expected to be moderately negative (-0.5%). Restrictive macroeconomic policies sustained the normalisation of domestic demand after the imbalances accumulated during the pandemic and the IMF has predicted that growth will return to its potential rhythm in 2024, producing a GDP increase of 1.5%. With regard to inflation, a slowdown is expected to 4.5% by the end of 2023, to converge towards the target of 3% in the second-half of 2024.

2.3.2 Financial markets

2023 was a surprising year, as the recession expected due to the restrictive monetary policy measures did not occur, but there was merely a slowdown in some economies while, in others, such as the United States, growth was still solid, with inflation taking longer than expected to return to sustainable levels, resulting in a decline. The global financial markets, thanks to this context and above all to the expectations of a change of pace of the central banks, recorded excellent results both in the bond components and above all in stocks, with the exclusion of China, where the real estate crisis and the risks of geopolitical fragmentation prevailed.

In the USA, the persistence of inflation, sustained mainly by an excess of demand with a labour market still under pressure, forced the FED to continue the phase of raising interest rates. 4 further rate hikes were carried out in the year, increasing from a reference range of 4.25-4.50% to 5.25%-5.50% at the end of 2023; at the same time, the quantitative tightening programme was increased.



The Euro area has faced a difficult year with a mostly stagnant increase and inflation that only in the second half-year started to show signs of returning to Central Bank targets, which as a result continued, until the September meeting, the raising of monetary rates, in order to combat effectively the inflationary dynamics.

The ECB's action concerned the raising of all reference rates, the refinancing rate moved from 2.5% to 4.5% at the end of the year and, at the meeting in December 2023, it confirmed the budget reduction programme with the lack of reinvestment of maturing securities attributable to purchase plans approved previously and in particular from next June also for the PEPP, the emergency plan activated to combat the pandemic.

In this context, short-term interest rates rose consistently with the monetary policy measures adopted: Euribor 6 months moved from 2.69% at the start of the year to 3.86% at the end of December 2023.

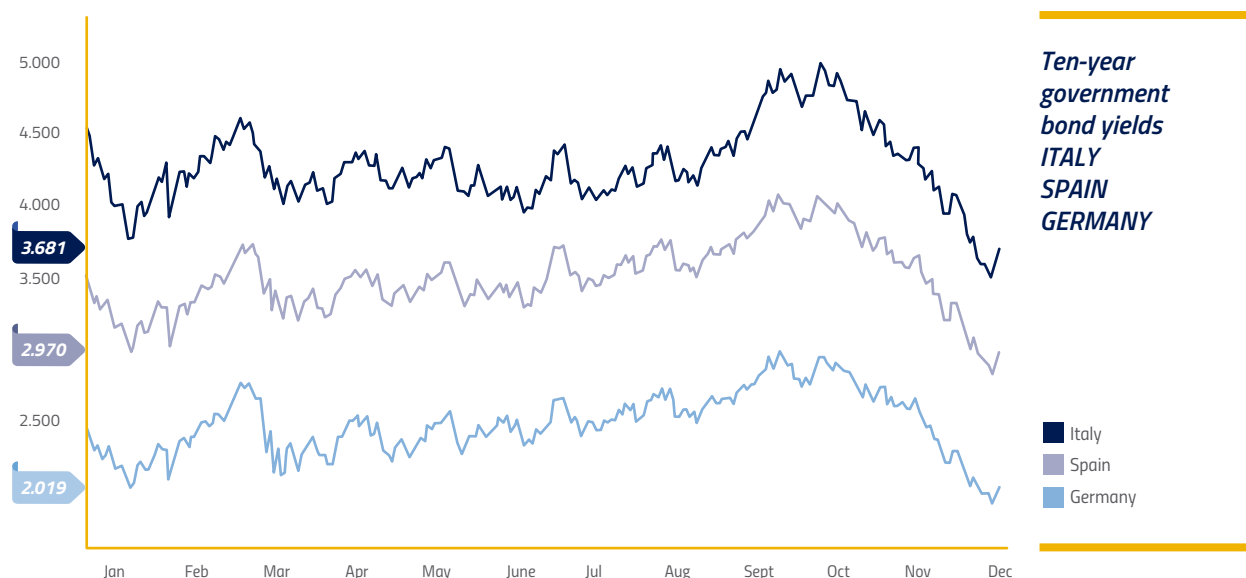
The ten-year rates for Italian government bonds dropped from 4.68% at the end of December 2022 to 3.70% at the end of 2023.

However, during the year, the BTP yield grew up to almost 5% in October, following the concern about out-of-control inflation. Subsequently, the change in tone of the Central Banks, which declared that the fight against inflation has achieved the desired results and that consequently monetary rates had reached their peak, paved the way for a drop of more than one percentage point in the last two months of the year.

The ten-year German government bond yield went from 2.56% at the beginning of the year to 2.02% at the end of 2023. The yield difference compared to 10-year German bonds thus moved from 232 basis points at the end of 2022 to 165 at the end of December 2023, thanks to the perceived political stability and an appreciated rigour in the financial measures adopted in the budget manoeuvre.

The ten-year Spanish Bonos yield closed the year at 2.97% (from 3.63% at the end of 2022), with a constant trend in line with the scenario of the Euro zone reference rates.

The yield of 10-year Chilean bonds remained at around 5% with moderate volatility, but with some acceleration during the rises between October and November of the main world bonds.

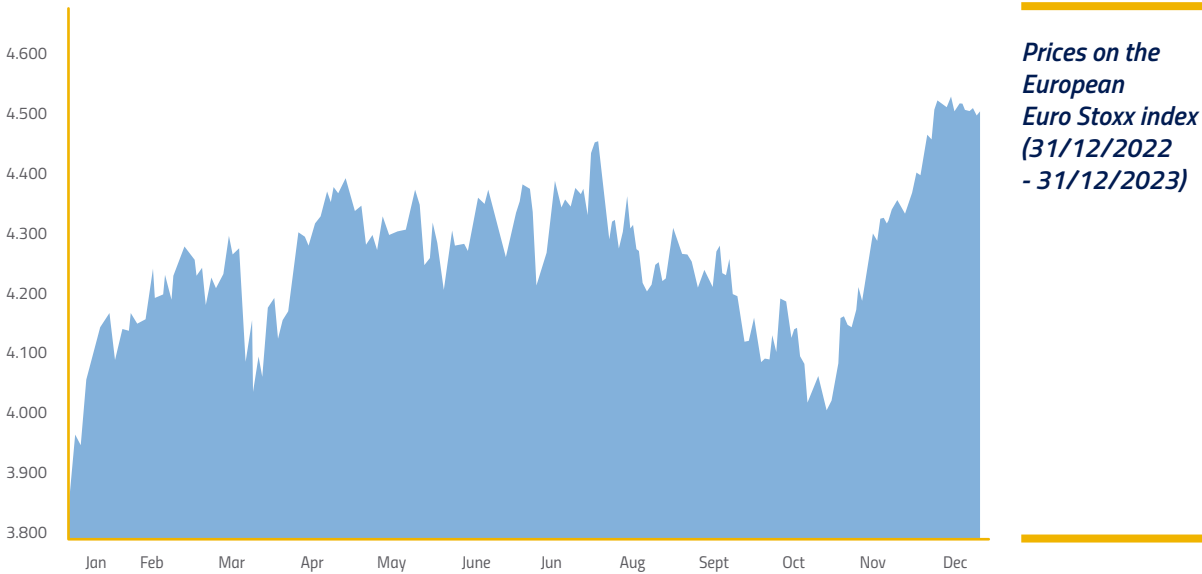


In 2023 the yield of corporate bonds also reduced, in line with the drop in reference interest rates. The level of spread reduced significantly since the start of the year, both for the riskiest credit categories and for investment grade ones, despite the more uncertain macroeconomic reference context at global level, but benefiting from the more expansive monetary policy expectations.

The global share markets closed the year with one of the best performances ever, strongly counter to the expectations of the start of the year.

The American S&P 500 closed 2023 with a rise of 24.23%, the Nasdaq closed with as much as +43.42%, pushed on by the optimism generated by the issue of development of Artificial Intelligence. Similar trends were recorded for the European markets: the Eurostoxx50 index increased by 19.19%, the Italian FTSEMIB index was among the best in the Euro zone with +28.03%, the German DAX increased by 20.31%, the French CAC by 16.52% and the Spanish Ibex by 22.76%.

The Chilean index IGPA rose 13.8%, a rise maintained by high prices for raw materials and the fact that the country is a net commodity exporter.



In terms of the currency markets, the aggressive push of the ECB supported the Euro against the main currencies, with the US Dollar which, after the strong recovery of 2022, lost 4.45% against the Euro, closing the year at an exchange rate of 1.1044. The counter-trend monetary policy of the Bank of Japan, which continues to maintain negative rates, penalised the Yen which lost 11.24% against the Euro.



2.3.3 Insurance market

According to data provided by ANIA relating to the IV quarter of 2023, the **Italian insurance market** (Italian companies, non-EU representative offices) has premium income of over € 129 billion, a 0.7% decrease compared to the same period of the previous year.

In particular, the **Non-Life** business reports income equal to approximately €38.0 billion, representing an increase of 6.6% as compared to 2022. The premium income of the **Motor** class reveals an increase of 6.1% by virtue above all of the increase in premiums of the Land vehicles class (+12.1%) and, partly, also the premiums of the Motor TPL class which recorded an increase of 4.3%. These lines accounted for 42.4% of total Non-life premiums (42.6% in 2022).

The **Non-Motor** class premium income grew by 6.9%. In the context of the most significant businesses in terms of premium volume, the positive trend in the following classes: Health (10.9%), General TPL (+7.1%), Other property damage (7.4%), and Fire (7.6%) should be noted. The premium income generated by Non-motor classes accounted for 57.6% of total Non-life premium income (57.4% in 2022).

The **Life** businesses reduce by 3.5% compared to the previous financial year amounting to approximately € 91.2 billion, attributable to the business III policies (32.0%) and those of business V (24.2%). An increase is recorded, on the other hand, of the products of business I (9.2%), business IV (24.0%) and business VI (22.9%).

The **Spanish insurance market** in 2023 increased by 18.0% as compared to the same period of the previous year with a total premium volume equal to € 76,463 million (€ 64,803 million in 2022). In particular, the Non-Life business grew by 6.8% and the Life business grew by 36.3%.

The **Non-life** business premiums recorded a 6.8% increase as compared to 2022, which accounted for 56.3% of overall income (62.1% in 2022). There was a 6.6% increase in premium income in the **Motor** sector: specifically, premium income in the TPL land vehicles business increased by 6.6%, while the other businesses grew by 6.7%. These lines accounted for 28.2% of total Non-life premiums, the same as the previous year.

The Non-Motor segment premium income grew by 6.9%. The most significant businesses in terms of premium income are: TPL (+7.8%), Multi-risk (+6.8%) and Health (+6.6%). These lines accounted for 71.8% of total Non-life premiums, the same as the previous year.

The **Life** business premiums recorded a 36.3% increase, which accounted for 43.7% of overall income (37.9% in 2022). The increase is attributable to savings products (46.8%) while risk products record a decrease of 2.8%.

According to the report provided by Asociación De Aseguradores De Chile A.G., the **Chilean insurance market**, in the fourth quarter of 2023, presents an increase in overall income of 11.6% compared to the fourth quarter of 2022.

In particular, the **Non-Life** businesses recorded an increase of 3.7% compared to the same period of 2022; the **Motor** class recorded an increase of 5.6%, while the **Non-Motor** class saw an increase of 3.0%, attributable mainly to the Fire and natural elements business (13.2%). The premium income of the Non-Life businesses accounts for 37.1% of the overall total, down compared to the fourth quarter of 2022.

The **Life** business premiums recorded an increase of 16.9%.

2.3.4 Real estate sector

2023 saw an intensification of the signs of slowdown of the real estate market fuelled by the restrictive monetary policy implemented by the ECB, which meant investors adopted a wait-and-see attitude. In fact, the third quarter recorded investment volumes lower than the same period of 2022, despite being up on the previous quarter. Overall, investments in the first nine months correspond to just one-third of what was recorded during 2022.

In the short term, there is expected to be substantial stability in the market, with an improvement in macroeconomic conditions, and greater optimism, on the other hand, with regard to the medium term. In Italy, in the third quarter of 2023, the investment volume stood at approximately € 1.5 billion, making a total of € 3.6 billion since the start of the year.

As regards geographical asset allocation, Milan consolidates its position as the catalyst of both domestic and foreign investments, with almost half of the whole sum invested nationally being centred on Milan.

The analysis of the **business market** confirmed, during 2023, the manifestation of the uncertainty already seen in late 2022 due to economic changes and the increase in inflation and in interest rates. Investments in offices reduced compared to 2022, and were concentrated in liquid products with an amount that barely exceeded € 100 million. **Demand was focused on quality and sustainability** but the shortage of Grade A products is still evident in comparison to demand. On one side, tenants are increasingly attentive to the quality and efficiency of the spaces to guarantee high standards to employees and **to reduce energy consumption**, with a preference for leasing offices in central or semi-central areas to mitigate the impact of higher rents, thanks to more compact spaces. On the other side, investors favour new or renovated solutions in location primes, with **certifications of sustainability and in line with ESG criteria**. From as early as 2022, there has been evidence of a differentiation between certified and non-certified properties, influencing lease rents and investors' interest. Milan and Rome remain the driving forces of the sector, and the projections for the next five years confirm the attractiveness of these two cities. In the corporate real estate market, **logistics** remains the most interesting asset class for investors, representing 26% of total investments, up compared to 2022. The sector is still characterised by strong demand and limited supply, particularly for new properties compliant with ESG standards.

Logistics is emerging as a potential catalyst for the energy transition, with class A structures which, thanks to the use of solar roofs, can not only power systems and machinery but also support the charging of electric lorry fleets. Furthermore, the development of Urban Logistics is aimed at reducing delivery times and transportation costs, positioning spaces close to customers. The interest in brownfield operations is growing, moving demand towards spaces close to the city centre.

The **hotel sector** is gradually returning to pre-Covid levels with an increase in occupancy compared to the 2022 figure. This recovery is also confirmed by the number of arrivals and by presences, with a particular increase in foreign tourists. Compared to the 2019 values, the occupancy is still under-performing, standing at -1.5%, but this is accompanied by a total of +41% in terms of ADR (Average Daily Rate per occupied room). A moderate growth in the number of 4 and 5 star accommodation facilities is recorded (respectively +2.5% and +6.8%), which is an expression of the new trend which sees high-end facilities being preferred over those of the medium-low bracket which are, on the other hand, in decline.

In 2023, the **residential market** saw a reduction in transactions, following a natural adjustment process to monetary policy actions, rather than a process of actual decline. The restrictions on accessing credit and the erosion of purchasing power caused by inflation have led to an annual reduction in investments which, in 2023, should stand at around -12.8% compared to 2022.



This reducing trend is expected to continue also for the next two years albeit with lower intensity. In spite of this, the 2023 volume is positive compared to pre-pandemic levels, recording an increase of +19% on 2019. Prices of homes demonstrated growth in the first half of 2023, while there was a slowdown in the second half.

In the **alternative residential** segment, Student Housing is a strongly increasing asset class which is continuing to arouse strong interest from investors across Europe. In Italy, the strong demand for beds in student residences is not yet adequately met on the supply side, and our country remains vastly behind Europe in this sense. In this segment, the Senior Living asset class is also growing. Italy, however, despite the country being the oldest in Europe, presents an embryonic development, with few facilities concentrated in Northern Italy: the elderly (over 65) population grew by 24.1% in 2023, but the real estate market dedicated to this population bracket is still limited.

The **retail market**, which suffered more direct consequences of the loss of consumer purchasing power due to the increase in inflation, continues its stalemate phase already seen in previous months, with a reduction in invested volumes. However, there were some positive signs, such as: the demand for locations in the main high streets, with consequent increase in rents, improvement in terms of visitor numbers and turnover for shopping centres, and ever growing interest in retail park and large-scale retail trade products.

Also in **Spain**, the increase in interest rates by the Central Banks affected the local markets and negatively influenced investment volumes. For the coming months, with the stabilisation of the cost of debt, a recovery of the real estate market is expected.

In the first three quarters of 2023, investments amounted to approximately € 7.5 billion, recording a decline of 49% compared to the same period of the previous year. However, the third quarter of 2023 recorded a slight recovery compared to the previous quarter (approximately +6%).

The majority of investments were focused in Madrid (approximately 52% in the third quarter of 2023), followed by the cities of Valencia, Barcelona and Málaga.

The residential sector drove investments in the first part of the year, representing 32% of the total volumes. The hotel segment also recorded positive performances. Investments in the offices sector were, on the other hand, more reduced; in the first 9 months of the year, they recorded a 51% reduction in volumes on the same period of the previous year. Even Madrid, which catalyses the majority of the country's investments in offices, recorded a 15% decrease in volumes compared to the same period of 2022. The interest is concentrated in central areas where the availability of Grade A products in line with current requirements is, however, still scarce.

2.3.5 Banking sector

In December 2023 the **banking income** in Italy amounted to € 2,028 billion, down by 1.5% compared to the previous year. Specifically, deposits from customers stood at € 1,779 billion, with an annual change of -3.8%.

In 2023, the dynamics of **lending by banks** were also negative; based upon initial estimates, total loans to residents in Italy in December 2023 stood at € 1,670 billion, with an annual change of -3.9%.

Loans to families and non-financial undertakings amount to € 1,296 billion, with an annual change of -2.2%. In particular, total loans to families dropped by 1.2%. In December 2023, the dynamic of loans to families had slowed down compared to the previous month for the component of loans for the purchase of homes (no change with respect to +0.2%) and consumer credit slightly increased (+4.1% compared to +3.9% in the previous month).

Non-performing loans net of write-downs and provisioning already made by banks with their own resources, in November 2023 (latest available figure) stood at € 17.7 billion. When compared with the maximum level of net non-performing loans, reached in November 2015 (88.8 billion), the drop is € 71.1 billion. The ratio of net non-performing loans to total loans is 1.05% in November 2023.

As regards bank rates, in December 2023 the **average rate on customer bank deposits** (including returns on deposits, bonds and repos in euro held by households and non-financial undertakings) was 1.16%, slightly up compared to the 0.62% for December 2022. The deposit rate in euro applied to families and non-financial companies equalled 0.96% and that of bonds was 2.72%. The rate on current account deposits only is 0.53%. With regard to **interest rates on loan transactions**, in December 2023 the average rate on new transactions for the purchase of homes stood at 4.42%; the average rate of new loan transactions to companies was 5.69%, while the average rate on total loans was 4.76%.

The **spread** between average lending and deposit rates for families and non-financial companies at December 2023 was 220 basis points, lower than the 260 basis points of December 2022.

2.4 Regulatory developments

The most relevant regulatory developments, concerning the Group's business operations in 2023, are described below.

INSURANCE REGULATIONS

With reference to the insurance sector, in the period in question, **IVASS** issued the following **provisions**:

- Provision no. 127 of 14 February 2023 laying down amendments and additions to IVASS Regulation no. 52 of 30 August 2022 and to ISVAP Regulation no. 38 of 3 June 2011 (concerning, respectively, the implementation of the provisions on the temporary suspension of **capital losses** for non-durable securities introduced by Decree Law no. 73 of 21 June 2022, and the establishment and administration of **separate management** of companies providing life insurance, in accordance with Article 191, paragraph 1, letter l) of the Private Insurance Code (CAP);
- Provision no. 128 of 20 February 2023 on **professional requirements and internet domains**, modifying IVASS Reg. no. 40/2018 laying down provisions on **insurance and reinsurance distribution** indicated in Title IX (general provisions on distribution) of the CAP;
- Provision no. 132 of 6 June 2023, containing amendments and additions to IVASS Regulation no. 18 of 15 March 2016 concerning the application rules for determining technical reserves;
- Provision no. 134 of 25 July 2023 amending and supplementing IVASS Regulation no. 40 of 2 August 2018, laying down provisions on insurance and reinsurance distribution;
- Provision no. 135 of 27 July 2023, laying down amendments and additions to IVASS Regulation no. 36 of 28 February 2017, regarding new rules on **data transmission** concerning the investigation on the actual prices of the Motor TPL guarantee (IPER);
- Provision no. 138 of 26 September 2023 and Provision no. 143 of 12 March 2024, laying down amendments to IVASS Regulation no. 52 of 30 August 2022, concerning the implementation of the rules on the temporary suspension of **capital losses** for non-durable securities which, for the 2023 financial year, was extended by decree of the Minister of Economy and Finance dated 14 September 2023.



Furthermore, the following **Letters to the market** are also noted:

- the Letter to the market of 3 January 2023, – relating to information on the transition to **IFRS 17**, concerning the **financial statement schedules** of insurance and reinsurance companies that are obliged to adopt international reporting standards;
- the Letter to the market of 1 March 2023 defining the main fulfilments for sending to IVASS **supervisory reports** with reference date 2023 or to be sent during 2023 via the Infostat infrastructure, including the operational transmission methods and the respective deadlines;
- the Letter to the market of 18 July 2023, relating to IVASS Regulation no. 51 of 22 June 2022, providing some interpretative clarifications aimed at providing a better understanding to users of the operations of Preventivass and the purposes of the **basic contract**;
- the Letter to the market of 27 July 2023, relating to the issuance of **Motor TPL Contracts** in the presence of a Single Document (Documento Unico or DU) not valid for driving;
- the Letter to the market of 22 November 2023 relating to **dormant policies**, containing indications for accessing the National Register of the Resident Population via the National Digital Data Platform (PDND).

At the level of **domestic legislation**, Legislative Decree no. 24 of 10/3/2023 on **Whistleblowing**, in implementation of Directive (EU) 2019/1937, on the protection of persons who report breaches of Union law and national regulations, should be noted.

At **European level**, Commission Implementing Regulation (EU) 2023/894 of 4 April 2023 laying down implementing technical standards for the application of Directive 2009/138/EC of the European Parliament and of the Council with regard to the templates for the submission by insurance and reinsurance undertakings to their supervisory authorities, **of information necessary for their supervision**, as well as Commission Implementing Regulation (EU) 2023/895 of 4 April 2023 laying down implementing technical standards for the application of Directive 2009/138/EC of the European Parliament and of the Council with regard to the procedures, formats and templates for the disclosure by insurance and reinsurance undertakings of their **report on solvency and financial condition** should also be noted.

With reference to **anti-money laundering legislation**, the Official Journal of 9 October 2023 published the decree dated 29 September 2023 of the Ministry of Enterprise and Made in Italy (MIMIT), concerning the operations of the communication system of data and **information on beneficial owners**. The effectiveness of the decree is currently suspended by order of the Regional Administrative Court of Lazio of December 2023, issued following an appeal against the decree in question.

TAX AND OTHER REGULATIONS

On 30 December 2023 the Official Journal published Law 213/2023 (Budget Law).

The main changes introduced in relation to direct taxes include the following:

- the temporary increase, for 2024, of the non-taxable thresholds for fringe benefits;
- changes to the transitional regime of deductibility of write-downs and losses on bank and insurance receivables and changes to withholdings on commissions paid by insurance agents and brokers.

In relation to local taxes, the following are significant:

- extension of the resolutions for 2023 for IMU property tax or other local taxes and payment of any higher IMU due;
- extensions of the ILIA/IRPEF taxes substitute effect from 2023.

The other main changes relevant to the insurance sector are:

● **Introduction of the obligation to take out insurance for protection from catastrophic risks by 31.12.2024** for companies with head office in Italy and companies with head office abroad but with a permanent establishment in Italy, required to register at the Companies Register pursuant to Art. 2188 of the Italian Civil Code.

The policy covers damages:

- relating to the assets identified in Art. 2424 par. 1 of the Italian Civil Code, Assets section, item B-II, no. 1, 2 and 3 (land and buildings, plant and machinery, industrial and commercial equipment);
- caused directly by natural disasters and catastrophic events occurring in the country (earthquakes, floods, landslides, inundations and overflows).

Insurance companies are expected to apply:

- a percentage excess or deductible, if any, not exceeding 15% of the damage;
- premiums proportional to the risk.

Insurance companies may offer the cover both by underwriting the entire risk directly and by way of coinsurance and in consortium form.

If insurance companies refuse or evade the obligation to contract, even in the case of renewal, IVASS will apply the administrative fine of € 100,000 to € 500,000.

An MEF and MIMIT decree may establish additional implementation and operational methods of the insurance schemes in question and update the maximum percentage of the excess or deductible to be paid by the policyholder.

● **Establishment of the life business insurance guarantee fund**

The Life business insurance guarantee fund is established which, in the event that the insurance company collapses, pays to policyholders the performances to which they are entitled.

Italian insurance companies authorised to perform the activity in one or more life businesses are, amongst others, obliged to join the Life business insurance guarantee fund.

Any failure to join the Fund, or any exclusion from it, involves the withdrawal of authorisation to provide insurance in the life branches or, for brokers, cancellation from the Register.

Finally, it is noted that Article 5 of Legislative Decree no. 216/2023 envisaged the **abrogation of the ACE (Economic Growth Aid)** from the period after that in progress at 31 December 2023. 2023 is, therefore, the last year in which companies can benefit from this aid, subject to the carry-over of any residual surpluses.

The other most significant regulations include the following:

- Conversion Law no. 6 of 13.01.2023 of Decree Law no. 176/2022 of 18.11.2022 (known as “Decreto Aiuti quater”, Aid quater Decree) which established the reworking of the **Superbonus to 90%** commencing from 1 January 2023;
- Law no. 14 of 24.02.2023 converting Decree Law no. 198/2022 (known as “Decreto Milleproroghe” or “Thousand extensions” Decree);
- Decree Law no. 11 of 16.02.2023 converted with amendments by Law no. 38 of 11.04.2023 (known as “Decreto Cessioni”, Transfers Decree) which envisaged a **radical modification** of the rules on the **transfer of tax credits** relating to costs for building upgrade interventions (Bonus Ristrutturazioni), energy efficiency (Ecobonus), superbonus 110%, anti-seismic measures (Sismabonus), facades, photovoltaic systems, charging stations, architectural barriers (Bonus Barriere 75%);
- Decree Law no. 34 of 30.03.2023 converted with amendments by Law no. 56 of 26.05.2023 (known as “Decreto Bollette”, Bills Decree);
- Decree Law no. 48 of 04.05.2023, converted with amendments by Law no. 85 of 03.07.2023 (known as “Decreto Lavoro”, Work Decree) which introduces **urgent measures for social inclusion and access to the world of work**, through (i) establishment of the **inclusion allowance**, (ii) **measures on fixed-term contracts**, (iii) measures in support of workers



to **reduce the tax pressure**, (iv) **reduction of administrative sanctions** in the case of non-payment of social security withholdings that may be remodelled;

- Decree Law no. 51 of 10.05.2023 converted with amendments by Law no. 87 of 05.07.2023 (known as “*Decreto Omnibus*”, Omnibus Decree) which introduces, among the significant measures, the following (i) **extension of the so-called rottamazione-quater**, the applications for which should have been submitted by 30.06.2023 (in place of 30.04.2023); (ii) the extension from 01.01.2024 to 01.07.2024 of the entry into force of some **changes to the VAT rules**;
- Council Implementing Decision no. 1552 of 25.07.2023 published in the Official Journal of the European Union L 188 dated 27 July, through which Italy was authorised to continue to apply the split payment mechanism until 30.06.2026;
- Decree Law no. 104 of 10.08.2023 converted with amendments by Law no. 136 of 9.10.2023, published in Official Journal no. 236 of 9.10.2023 (known as “*Decreto Omnibus bis*”, Omnibus bis Decree) whose significant measures include: (i) the establishment for the year 2023 of an **extraordinary tax on financial brokers**, (ii) the introduction **of the obligation to communicate the lack of usability of credits** deriving from the exercise of the options indicated in Article 121, paragraph 1, letters a) and b) of Decree Law no. 34 of 19.05.2020;
- Decree Law no. 145 of 18.10.2023 converted with amendments by Law no. 191 of 15.12.2023 (known as “*Decreto Anticipi*”), which establishes, among the important measures, the **modification** of the **calculation** methods of **fringe benefits** in the form of **employee loans**;
- Legislative Decree no. 209 of 27.12.2023, which envisages, inter alia: (i) the revision of the rules on tax residency of natural persons, companies and entities other than companies as a criterion of connection to taxation, in coherence with international practices and conventions for the avoidance of double taxation; (ii) the **simplification** and streamlining of the **regime of foreign subsidiaries**; (iii) the transposition of Council Directive (EU) 2022/2523, of 14.12.2022, on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union (**global minimum tax**);
- Decree Law no. 212 of 29.12.2023 (known as “*Decreto Salva superbonus*”, Superbonus safeguarding Decree), currently awaiting conversion. The significant measures include: (i) the introduction of a **safeguarding clause** for SAL **superbonus** until 31.12.2023 in the case of non-completion of the works; (ii) the crystallisation of the application period for authorisation to benefit from discounts and transfers pursuant to Art. 121 of Decree Law no. 34/2020 on demolition and rebuilding interventions; (iii) the introduction of the **obligation for insurance on properties** damaged by **earthquake** recovered with superbonus 110%;
- Decree Law no. 215 of 30 December 2023 (known as “*Decreto Milleproroghe*”, Thousand extensions” Decree) currently awaiting conversion, which envisages, in particular, the **extension of the prohibition** on issuing the **electronic invoice** for healthcare operators also for 2024;
- Legislative Decree no. 220 of 30.12.2023, making several amendments to Legislative Decree 546/1992 on the tax process, implementing the principles and criteria for the revision of the rules and organisation of tax disputes.

REGULATIONS IN THE AREA OF SUSTAINABLE FINANCE

2023 was characterised by the European Union’s continuing commitment to promoting the sustainable transition also through the issuance of regulations capable of accelerating and guiding the processes and plans of companies towards improved transparency and rules concerning ESG issues.

The financial year saw the entry into force of new obligations, and the implementation of technical requirements envisaged by the legislation linked to Regulation (EU) 2019/2088 (Sustainable Finance Disclosure Regulation-SFDR), in force from 10 March 2021, concerning sustainable finance disclosure in the sector of financial services which is part of the EU action plan for sustainable finance. In relation to the adoption and consequent entry into force of the European legislation on sustainable finance, IVASS saw fit to make an initial alignment and adjustment intervention of the regulatory provisions directly affected by the new rules with the issuance of **IVASS Provision no. 131 of 10 May 2023**, laying down amendments and additions to IVASS Regulations 24, 38, 40 and 45.

More specifically, on 17 February Commission [Delegated Regulation \(EU\) 2023/363](#) of 31 October 2022, amending and correcting the regulatory technical standards (RTS) laid down in Delegated Regulation (EU) 2022/1288 as regards the content and presentation of information in relation to disclosures in pre-contractual documents and periodic reports for financial products investing in environmentally sustainable economic activities was published in the Official Journal of the European Union. On 21 November last, the [Environmental Delegated Act - Delegated Regulation \(EU\) 2023/2486](#) - supplementing Regulation (EU) 2020/852 ("Taxonomy Regulation -TR"), by establishing technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to one or more of the non-climate environmental objectives envisaged by the Regulation and amending the Disclosure Delegated Act with reference to the disclosure to be provided on those economic activities was also published in the Official Journal of the European Union. Furthermore, last 13 June, the European Commission published the [Sustainable Finance Package](#), a new package of measures aimed at promoting [sustainable finance in the EU](#), which includes the text of the Environmental Delegated Act, of the Taxonomy Regulation and of some amendments to other delegated acts of the Regulation itself; this package also integrates a proposal of regulation on the transparency and integrity of ESG rating activities, a proposal aimed at increasing the transparency of the methodologies, objectives, characteristics, and sources of ESG rating data.

As part of sustainability reporting, the European Commission adopted, on 31 July 2023, [Delegated Regulation \(EU\) 2023/2772](#), supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards (European Sustainability Reporting Standard (ESRS) – known as standard sector-agnostic) as envisaged by the [Corporate Sustainability Reporting Directive \(CSRD\)](#). This adoption follows the public consultation phase on the proposal of a delegated act published by the Commission itself in the month of June, following Technical Advice provided to it by EFRAG in November 2022. For companies already subject to the NFRD (Reale Group), the disclosure obligation according to the new standards will start in 2025 (FY 2024).

Finally, on 20 December 2023, [Regulation \(EU\) 2023/2859](#) of the European Parliament and of the Council of 13 December 2023 establishing a European single access point (ESAP), providing centralised access to publicly available information of relevance to financial services, capital markets and sustainability, was published in the Official Journal of the European Union.

BANKING REGULATIONS

On 30 March 2023, the Bank of Italy issued the 42nd update of Circular no. 285/2013 with which it amended Chapter 3 of the Third Part of the Circular, regarding provisions on ["Guaranteed banking bonds"](#), in order to incorporate the new European rules on guaranteed banking bonds, introduced in Italy through the provisions contained in Title I-bis of Law no. 130/1999.

With reference to issues relating to [transparency and customer communications](#), Legislative Decree no. 31 of 10 March 2023, transposing Directive (EU) 2021/228 (known as Quick Fix) amending the MiFID II regime, redefined the ordinary transmission methods of information on investment services.

On 30 October 2023, Directive (EU) 2023/2225 of 18 October 2023 on [credit agreements for consumers](#) (CCD II) was published in the Official Journal of the European Union, repealing Directive 2008/48/EC (Consumer Credit Directive – CCD), with the aim of: extending consumer protection by expanding the scope of application of the CCD, guaranteeing that borrowers have easy access to all information and are informed about the total cost of credit, establishing stricter advertising standards to reduce abusive credit to over-indebted consumers and effective measures against excessive prices and imposing credit assessment procedures in order to assess if consumers can actually repay their credit. On 6 December 2023, the Bank of Italy published the 43rd update of Circular no. 285 of 17 December 2013 "Supervisory provisions for banks".

With this update, the provisions on "Large exposures" are modified with reference to [financial conglomerates](#).



On 20 December 2023, finally, the Bank of Italy published the 44th update of Circular no. 285 of 17 December 2013 "Supervisory provisions for banks", incorporating into national legislation the changes defined at European level in relation to **rate risk and credit spread on the banking portfolio** (respectively IRRBB and CSRBB).

2.5 Operating performance

The economic-financial values referring to the 2023 Financial Statements are prepared by applying, within the Group perimeter, accounting standard IFRS 9 on financial instruments, and accounting standard IFRS 17 on insurance contracts in replacement of the previous IFRS 4 and IAS 39. The new accounting standards, in force from 1 January 2023, were also applied retroactively to the data reported for comparative purposes referring to the 2022 Financial Statements to facilitate a standardised comparison. Please refer to what is stated in the section General Accounting Principles in the Notes to the Financial Statements for further information.

Reale Group's consolidated result continues to be positive, reaching € 156.9 million, up compared to the result achieved at the end of the previous financial year (€123.6 million profit).

The performance is summarised below:

- an increase of **written premiums** amounting to € 5,751.1 million, up by 7.4% compared to the same period of the previous financial year. € 3,890.8 million refer to Non-life business and € 1,860.3 million to Life business. 78.3% of this income was obtained in Italy, 18.8% in Spain and 2.9% in Chile. More specifically, the performance is linked to the development of both income in the Non-life business (+6.9%) and to that in the Life business (+8.2%). In particular, in the Non-life businesses, there was growth in premium income in all countries in which the Group operates: Italy (+6.8%), Spain (+5.8%) and Chile (+17.0%). The increase in Group income in the Life business concerned both the Italian companies (+7.5%) as well as the Spanish company (+33.5%);
- non-life underwriting performance decreased, with a **Combined Operating Ratio** amounting to 99.2% (96.0% in 2022);
- an increase in the ratio between the **Life operating result** and the **Volumes Managed** which stands at 0.87% (0.66% in 2022);
- an increase in **net investment income** in the Non-life sector which amounted to € 115.8 million against a profit of € 10.1 million in 2022. In the same item of Real estate and services sector, there is a **valuation gain**, of € 39.9 million, achieved by Blue Assistance by virtue of the transfer of the business branch to the company In Salute Servizi following the joint-venture agreement with Intesa Sanpaolo.

The above components generated a positive gross consolidated result before taxes equal to € 203.7 million, compared with € 167.1 million in 2022.

After **taxes**, for € 46.8 million, consolidated income stood at € 156.9 million and included a minority interest in the net loss of € 5 thousand.

Positive consolidated result

€ **156.9** million
in 2023

vs.

€ **123.6** million
in 2022

This result, adjusted by profit or loss taken directly to equity in accordance with the provisions of International Accounting Standards (IFRS 1), determined an **overall result on the consolidated income statement** with a profit of € 199.8 million, compared with a profit of € 45.6 million in 2022.

Group **investments** reached € 19,256.5 million (+2.0% compared to 31 December 2022) and are comprised of € 875.4 million of investment property, € 77.1 million of equity investments in subsidiaries, associates and joint ventures, € 816.2 million of financial assets valued at amortised cost, € 13,723.3 million of financial assets valued at fair value with an impact on total profit of € 13,723.3 million, and € 3,764.5 million of financial assets at fair value recorded in the income statement.

Net insurance liabilities amounted to € 16,468.6 million, against € 16,016.2 million in the previous financial year. In the Non-life business they amounted to € 3,425.0 million while in the Life business they amounted to € 13,043.6 million. With reference only to direct work, it is noted that in the Non-life business, the CSM (Contractual Service Margin which represents the prospective value of the insurance portfolio) amounted to € 30.7 million while in the Life business it was € 755.6 million. The Loss Component, which represents the value of the liability for contracts for which at the time of initial recording the estimate of outgoing cash flows is higher than the incoming cash flows, in the Non-Life business amounted to € 30.7 million while in the Life business it was € 2.3 million.

Shareholders' Equity amounted to € 3,366.6 million compared with € 3,173.9 million at 31 December 2022. Group interest in shareholders' equity amounted to € 3,365.4 million, and minority interest was equal to € 1.2 million.

Regarding the Pillar III disclosure requirements of the Solvency II Directive, during the year the Group submitted the required quarterly quantitative data to IVASS within the time limits specified. The Company will report its year-end solvency position within the time limit specified (20 May 2024).

As of the date of approval of these Integrated Consolidated Financial Statements, the Group did not have information about the **solvency capital requirement** (SCR) or **eligible own funds** that could be considered as definitive.

The disclosure requirements pursuant to IVASS Regulation No. 7 of 13 July 2007, as amended by IVASS Provision No. 53 of 6 December 2016, have therefore been met, by applying the transitional rules set forth in the aforesaid Provision, with the disclosure of a solvency position based on currently available preliminary data; in detail, the position, determined using the partial internal model for Non-life business risks and the standard formula for Life business risks, is as follows:

- solvency capital requirement (SCR): € 1,425.5 million;
- eligible own funds: € 3,800.2 million, all Tier 1 - unrestricted;
- Solvency Ratio: 266.6%

It is noted that the path begun in the previous year with the Supervisory Authority continued, during 2023, with a view to extending the Internal Model to the Life Business to supplement the Internal Model already available for the Non-Life Business. This path had a successful outcome, with the approval by IVASS occurring March 2024, and will involve the adoption, on the 2023 annual closure, of the internal model also in the Life Business.

The most significant **economic data** of the 2023 consolidated financial statements, broken down by sector, with the comparison at 31 December 2022, are indicated in the following table.



in millions of euro

	Insurance sector		Real estate and services sector		Banking sector		Trans-sectoral adjustments		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
INSURANCE INCOME FROM INSURANCE CONTRACTS WRITTEN	4,017.4	3,862.0	0	0	0	0	0	0	4,017.4	3,862.0
EXPENSES FOR INSURANCE SERVICES FROM INSURANCE CONTRACTS WRITTEN	(4,072.1)	(3,498.6)	0	0	0	0	0	0	(4,072.1)	(3,498.6)
NET INSURANCE INCOME/EXPENSES FROM CESSIONS TO REINSURANCE (+/-)	223.3	(97.8)	0	0	0	0	0	0	223.3	(97.8)
INSURANCE SERVICES RESULT (+/-)	168.6	265.6	0	0	0	0	0	0	168.6	265.6
INCOME/EXPENSES FROM FIN. ASS AND LIAB VALUED AT F.V. REC. IN INC/ST (+/-)	299.5	(450.7)	0.7	1.8	0	0	0	0	300.2	(448.9)
INCOME/EXPENSES FROM EQUITY INVESTMENTS IN ASSOCIATES AND J.V. (+/-)	0	0	39.7	0	0	0	5.1	5.5	44.8	5.5
INCOME/EXPENSES FROM OTHER FIN. ASS AND LIAB AND FROM INV. PROPERTY (+/-)	323.5	287.0	94.2	91.8	21.9	13.8	5.5	(0.4)	445.1	392.2
RESULT OF INVESTMENTS (+/-)	623.0	(163.7)	134.6	93.6	21.9	13.8	10.6	5.1	790.1	(51.2)
NET EXPENSES/INCOME OF FIN NATURE RELATING TO INS CONTR. WRITTEN (+/-)	(533.1)	151.8	0	0	0	0	0	0	(533.1)	151.8
NET INCOME/EXPENSES OF FIN NATURE REL TO CESSIONS TO REINSURANCE (+/-)	(2.0)	(3.0)	0	0	0	0	0	0	(2.0)	(3.0)
NET FINANCIAL RESULT (+/-)	87.9	(14.9)	134.6	93.6	21.9	13.8	10.6	5.1	255.0	97.6
OTHER INCOME/EXPENSES (+/-)	5.2	(3.3)	212.9	198.3	23.4	26.4	(214.4)	(195.3)	27.1	26.1
OPERATING EXPENSES	(176.3)	(167.1)	(195.1)	(186.9)	(31.9)	(29.7)	208.8	195.7	(194.5)	(188.0)
OTHER INCOME/EXPENSES (+/-)	(5.2)	8.9	(45.3)	(41.3)	(2.0)	(1.8)	0	0	(52.5)	(34.2)
PROFIT (LOSS) FOR THE YEAR BEFORE TAXES (+/-)	80.2	89.2	107.1	63.7	11.4	8.7	5.0	5.5	203.7	167.1
TAXES									(46.8)	(43.5)
CONSOLIDATED PROFIT (LOSS)									156.9	123.6

With regard to fully-consolidated Group companies, the performance during the year of each single sector of business is discussed below.

2.5.1 Insurance operating performance

The main economic figures related to the Insurance sector, divided between Non-life and Life, are provided below

	in millions of euro								
	Non-life business			Life business			Insurance sector		
	2023	2022	Change	2023	2022	Change	2023	2022	Change
INSURANCE INCOME FROM INSURANCE CONTRACTS WRITTEN	3,709.5	3,567.8	141.7	307.9	294.2	13.7	4,017.4	3,862.0	155.4
EXPENSES FOR INSURANCE SERVICES FROM INSURANCE CONTRACTS WRITTEN	(3,904.3)	(3,330.0)	(574.3)	(167.8)	(168.6)	0.8	(4,072.1)	(3,498.6)	(573.5)
NET INSURANCE INCOME/EXPENSES FROM CESSIONS TO REINSURANCE (+/-)	225.7	(94.0)	319.7	(2.4)	(3.8)	1.4	223.3	(97.8)	321.1
INSURANCE SERVICES RESULT (+/-)	30.9	143.8	(112.9)	137.7	121.8	15.9	168.6	265.6	(97.0)
INCOME/EXPENSES FROM FIN. ASS AND LIAB VALUED AT F.V. REC. IN INC/ST (+/-)	38.9	(31.7)	70.6	260.6	(419.0)	679.6	299.5	(450.7)	750.2
INCOME/EXPENSES FROM EQUITY INVESTMENTS IN ASSOCIATES AND J.V. (+/-)	0	0	0	0	0	0	0	0	0
INCOME/EXPENSES FROM OTHER FIN. ASS AND LIAB AND FROM INV. PROPERTY (+/-)	76.9	41.8	35.1	246.6	245.2	1.4	323.5	287.0	36.5
RESULT OF INVESTMENTS (+/-)	115.8	10.1	105.7	507.2	(173.8)	681.0	623.0	(163.7)	786.7
NET EXPENSES/INCOME OF FIN NATURE RELATING TO INS CONTR. WRITTEN (+/-)	(1.7)	4.2	(5.9)	(531.4)	147.6	(679.0)	(533.1)	151.8	(684.9)
NET INCOME/EXPENSES OF FIN NATURE REL TO CESSIONS TO REINSURANCE (+/-)	(0.1)	(0.8)	0.7	(1.9)	(2.2)	0.3	(2.0)	(3.0)	1.0
NET FINANCIAL RESULT (+/-)	114.0	13.5	100.5	(26.1)	(28.4)	2.3	87.9	(14.9)	102.8
OTHER INCOME/EXPENSES (+/-)	5.0	(1.0)	6.0	0.2	(2.3)	2.5	5.2	(3.3)	8.5
OPERATING EXPENSES	(151.8)	(142.6)	(9.2)	(24.5)	(24.5)	0	(176.3)	(167.1)	(9.2)
OTHER INCOME/EXPENSES (+/-)	(4.5)	8.4	(12.9)	(0.7)	0.5	(1.2)	(5.2)	8.9	(14.1)
PROFIT (LOSS) FOR THE YEAR BEFORE TAXES (+/-)	(6.4)	22.1	(28.5)	86.6	67.1	19.5	80.2	89.2	(9.0)

The Group's insurance activity closes with a positive result pre-tax of € 80.2 million.

(€ 89.2 million in 2022) of which € -6.4 million relating to the Non-life business (€ 22.1 million at 31 December 2022) and € 86.6 million to the Life business (€ 67.1 million in the corresponding period of 2022).

The premiums written at 31 December 2023 amount to € 5,751.1 million (€ 5,357.1 million in 2022, +7.4%).



Non-life income amounted to € 3,890.8 million (€ 3,638.1 million as at 31 December 2022, +6.9%) and Life income amounted to € 1,860.3 million (€ 1,719.0 million in the corresponding period of 2022, +8.2%).

The entire income from the Non-life and Life businesses from all Group companies is classified among insurance premiums, in compliance with the requirements of the international accounting principle IFRS 17 (presence of significant insurance risk).

The below table summarises the data provided above:

	in millions of euro		
	2023	2022	Change
Total premiums written	5,751.1	5,357.1	7.4%
of which			
<i>Direct business - Non-Life</i>	<i>3,890.8</i>	<i>3,638.1</i>	<i>6.9%</i>
<i>Direct business - Life</i>	<i>1,860.3</i>	<i>1,719.0</i>	<i>8.2%</i>

NON-LIFE BUSINESS

The Reale Group companies belonging to the Non-life business insurance sector (Reale Mutua, Italiana Assicurazioni, Reale Seguros and Reale Chile Seguros) reported total gross premiums written of € 3,890.8 million, compared to € 3,638.1 million in 2022, with an increase of +6.9% (in detail, +9.0% in the Motor business and +5.3% in the Non-Motor business).

The detail of the Group's Non-life business premiums written according to class of business is set forth in the table below.

				in millions of euro	
				Composition	
Non-life business	2023	2022	Change	2023	2022
Personal accident and Health	489.0	484.0	1.0%	12.6%	13.3%
TPL Land vehicles	1,109.5	1,026.4	8.1%	28.5%	28.2%
Motor, other businesses	550.7	495.3	11.2%	14.2%	13.6%
Marine, aviation and transport	43.7	42.1	3.8%	1.1%	1.2%
Fire and other property damage	1,064.3	998.0	6.6%	27.4%	27.4%
TPL TPL	403.7	383.3	5.3%	10.4%	10.5%
Credit and suretyship	64.0	55.4	15.5%	1.6%	1.5%
Sundry pecuniary losses	14.5	12.4	16.9%	0.4%	0.3%
Legal fees	33.0	31.0	6.5%	0.8%	0.9%
Assistance	118.4	110.2	7.4%	3.0%	3.0%
Total premiums written - direct business	3,890.8	3,638.1	7.0%	100.0%	100.0%

The result for insurance services amounts to € 30.9 million (€ 143.8 million in 2022) and is comprised of insurance income deriving from insurance contracts written amounting to € 3,709.5 million (€ 3,567.8 million in 2022), expenses for insurance services deriving from insurance contracts written amounting to € -3,904.3 million (€ -3,330.0 million in 2022) and net insurance income deriving from cessions to reinsurance amounting to € 225.7 million (€ -94.0 million in 2022).

The profitability of the Group's Non-Life insurance operations expresses in the 2023 financial year a **combined operating ratio** (incidence of claims and insurance operating expenses including income and expenses deriving from cessions to reinsurance on insurance income deriving from insurance contracts written) amounting to 99.2%, down by 3.2 % compared to the same figure of 2022 (96.0%).

It is noted that the number of claims reported in 2023 is 2,789,096, recording a 22.8% increase on the same figure in 2022. The main results achieved in 2023 by the insurance companies, operating in the Non-Life businesses, determined according to national accounting standards, are illustrated in brief below.

As a preliminary remark, it is noted that the results of the Parent company and of Italiana Assicurazioni include the effects deriving from the adoption of the Decree of the Ministry of Economy and Finance dated 14 September 2023, on "temporary suspension of capital losses from valuation for securities to remain not on a lasting basis in financial statements prepared according to the provisions of the Civil Code", which ordered the application for the 2023 financial year of Decree law no. 73 of 21 June 2022.

Società Reale Mutua di Assicurazioni - Turin

The Parent company posted direct business premium income related to Non-Life operations of € 1,838 million at 31 December 2023, with an increase of 6.8% compared to the previous year. The increase concerns both the Motor business (+10.8%) and the Non-Motor business (+4.7%).

The combined operating ratio stands at 106.7% (103.6% in 2022) as a result of the combined effect of:

- a deterioration in the loss ratio of 15.2% compared to 2022 (85.3% vs. 70.1%), attributable to the Non-Motor segment and mainly to the atmospheric events occurring in May and July;
- a decrease in the expenses ratio, which reaches 29.4% (30.0% in 2022);
- a positive balance between the outward reinsurance result and other technical items, by virtue of a significant cession of expenses for claims to reinsurers, which reduces the combined operating ratio by 8% (opposite effect in 2022 with an increase in the combined operating ratio of 3.5%).

The balance on the technical account was positive for € 77.6 million (€ 5.3 million in 2022).

The Non-Life business closed the year with a loss of € 14.5 million, against a profit of € 68.4 million in the previous year.

Italiana Assicurazioni S.p.A. - Milan

The Company posted direct business premium income in the Non-Life business at 31 December 2023 of € 868.6 million, with an increase of 6.9%. In particular, the income from the Motor business stood at € 398.8 million, an increase of 9.2% compared to the figure of 2022, whereas the Non-Motor sector recorded a premium volume of € 469.9 million, an increase of 5.1% on the previous year.

The combined operating ratio deteriorated, moving from 96.9% to 102.0%, by virtue of the following dynamics:

- an increase in the loss ratio which moved from 62.2% in 2022 to 84.8% in 2023, also in this case attributable to the Non-Motor segment and mainly to the atmospheric events occurring in May and July;
- a decrease in the expenses ratio, which stands at 30.8% (31.6% in 2022);
- a positive balance between the reinsurance result and other technical items, by virtue of a significant cession of expenses for claims to reinsurers, which reduces the combined operating ratio by 13.6% (opposite effect in 2022 with an increase in the combined operating ratio of 3.1%).

The balance on the technical account was negative for € 16.4 million (€ 37.3 million in 2022). The Non-Life business closed the year with a loss of € 25.8 million, against a profit of € 37.9 million in the previous year. The result of the 2023 financial year was significantly influenced by the value re-adjustments on financial investments mostly attributable to the transfer operation from the non-durable segment to the durable segment of part of the bond portfolio.



Reale Seguros Generales S.A. - Madrid

In 2023, the Company reported a premium volume of € 1,020.3 million, with a y/y increase of 5.8%. The Motor business increased 6.4% whereas the Non-motor business grew 4.8%.

The combined operating ratio records a slight increase, from 100.8% at 31 December 2022 to 101.0% at the closure of the current year, due to the combined effect of:

- a decrease in the loss ratio of 0.4% (66.3% compared to 66.7% in 2022);
- a slight increase in the expenses ratio which reaches 32.6% (32.1% in 2022);
- a negative balance between the reinsurance result and other technical items which is substantially stable compared to 2022 (2.1% in 2023 against 2.0% in 2022).

The year closed with a profit of € 5.4 million, against a positive result of € 8.8 million of the previous year.

Reale Chile Seguros S.A. - Santiago

The Company reported a direct business premium volume of € 163.8 million, with an increase of 17.0% compared with the previous year. In particular, the Motor business has increased 12.7% whereas the Non-motor business has increased 24.8%. The combined operating ratio has worsened, moving from 101.6% at the end of the previous year to 109.1% at the closure of the current year due to the combined effect of:

- an increase in the loss ratio of 9.7% (64.5% compared to 54.8% in 2022);
- an improvement of the expenses ratio which stands at 26.5% (30.4% in 2022);
- a negative balance between the reinsurance result and other technical items that increased compared to 2022 (18.1% in 2023 compared to 16.4% 2022).

The year recorded a loss of € 5.0 million compared with a profit of € 2.2 million in 2022.

Research and development - New products

Società Reale Mutua di Assicurazioni - Italiana Assicurazioni S.p.A.

With regard to the **Non-Life Technical Business** of the Parent company, it is noted that in March, the new version of "Ecologica Reale 2023", an insurance policy intended for owners of photovoltaic systems, wind farms or solar heat systems, was sold. The offer was reworked in response to a desirable significant increase in requests for cover following the introduction of the PNRR.

In relation to the Welfare and health segment, the "RealmenteInSalute DayByDay" product was sold, the aim of which is to satisfy Members/Policyholders with limited needs and spending capacity, and to exploit digital innovation thanks to the possibility of using specialist video consultations.

With regard to Italiana Assicurazioni, in the field of **Assets and Property**, from the month of May 2023 the new edition of the "Firewall Business" product was released which introduced some regulatory and rate changes.

Reale Seguros Generales S.A.

In the month of April a new edition of the "**Reale Contigo Prima Única**" product was launched, a solution designed for those aged over 65 who have not yet taken out a funeral policy, involving a single payment upon signing and guaranteeing complete cover for maximum capital of € 6,000.

In August 2023, a new product was sold which covers the lack of participation at events, guaranteeing the reimbursement of tickets/subscriptions/bookings in the event of total or final cancellation, provided that the cancellation is due to an

involuntary cause which is reliably justified and that certain conditions are met. The events that may give rise to the reimbursement cover for the ticket include, amongst others, death, serious illness or accident, or the policyholder being called up by the official authorities.

LIFE BUSINESS

The Reale Group Life insurance companies (Reale Mutua, Italiana Assicurazioni and Reale Vida) posted **written premiums** of € 1,860.3 million, up by 8.2% compared to € 1,719.0 million in the same period of the previous year. The Italian market continued to generate the greatest proportion of total premium income, accounting for 96.6% of production (97.2% in 2022). The detail of Life business gross premiums written according to class of business is set forth in the table below.

in millions of euro

Life business	2023	2022	Change	Composition	
				2023	2022
I Insur. on the duration of human life	1,433.6	1,220.2	17.5%	77.1%	71.0%
III Insur. linked to investment funds	269.4	432.4	(37.7)%	14.5%	25.2%
IV Health insurance	5.8	4.4	31.8%	0.3%	0.3%
V Oper. of capital redemption	96.7	28.1	244.1%	5.2%	1.6%
VI Oper. of group pension funds	54.8	33.9	61.7%	3.0%	2.0%
Total premiums written - direct business	1,860.3	1,719.0	8.2%	100.0%	100.0%

The result for insurance services amounts to € 137.7 million (€ 121.8 million in 2022) and is comprised of insurance income deriving from insurance contracts written amounting to € 307.9 million (€ 294.2 million in 2022), expenses for insurance services deriving from insurance contracts written amounting to € -167.8 million (€ -168.6 million in 2022), and net insurance income deriving from cessions to reinsurance amounting to € -2.4 million (€ -3.8 million in 2022).

The net financial result is € -26.1 million (-28.4 million at 31 December 2022) and is comprised of the result of investments amounting to € 507.2 million (€ -173.8 million in 2022), and net income of financial nature relating to insurance contracts written and cessions to reinsurance amounting to € -533.3 million (€ 145.4 million in 2022).

The indicator determined by the ratio between **Life operating profit** (sum of the result of insurance services and the net financial result) and the **volumes managed** (the half-sum of net insurance liabilities) stands at 0.87%, up by 0.21% on the same figure for 2022.

The **insurance liabilities**, gross of the reinsurers' share, amount to € 13,094.9 million, up by 2% compared to the figure at 31 December 2022. In brief, the main **results** achieved in 2023 by the Life insurance companies (determined according to national accounting standards) are the following.

The preliminary remark concerning the fact that the results of the Parent company and of Italiana Assicurazioni include the effects deriving from the adoption of the MEF Decree, in relation to the temporary suspension of capital losses from valuation for securities likely to remain not on a lasting basis in the financial statements, also applies here.



Società Reale Mutua di Assicurazioni - Turin

The Parent company posted direct business premium income in the Life business at 31 December 2023 of € 987.9 million with an increase of 18.8%. With regard to the dynamics of the individual classes, an increase of 22.9% is recorded in class I (Insurance on the duration of human life), while opposite dynamics applied to class III (Insurance connected with investment funds) which reduces by 49.7% compared to 31 December 2022, due to lower income in the sector of "multi-class" policies. Finally, the positive premium income of the class VI business (+61.8%) is noted, thanks to greater contributions paid by the members to the pension fund and the transfer of a reserve from a pre-existing pension fund of "Private" nature. The Life business closed the year with a profit of € 26.9 million, against a loss of € 62.5 million the previous year.

Italiana Assicurazioni S.p.A. - Milan

The Company posted direct business premium income related to Life operations of € 809.6 million at 31 December 2023, with an drop of 3.7% compared to the previous year. With regard to the performance of the individual business lines, a decrease is recorded in the income of class III (Insurance connected with investment funds) of 31.2% (premium volume of € 192.9 million), an increase of class I premiums (Insurance on the duration of human life of 10.2% (premium volume of € 612.2 million), while the class V premiums (capital redemption operations) stand at € 4.2 million (negative change of 5.5% compared to the 2022 financial year).

The Life business closed with a profit of € 22.1 million, against a loss of € 90.7 million the previous year.

Reale Vida y Pensiones S.A. - Madrid

In 2023, the Company achieved a premium volume of € 62.8 million, showing an increase of 33.5%. This increase is the result of the combined effect of increased income from risk policies (+11.5%) and in savings policies (+55.4%). The year closed with a profit of € 3.2 million, against a positive result of € 3.0 million in 2022.

Research and development - New products

During 2023, the Group companies issued the following new products.

Società Reale Mutua di Assicurazioni

In 2023, the Parent company included in the catalogue the **"MultiPower Reale ESG"**, **"Opportunità Reale Doppia Gestione"** and **"Straordinaria Reale"** products. The first is connected to the equity fund known as "Reale Crescita Sostenibile e Tematica" which uses ESG compliant financial instruments in its operations, while the second is dedicated to new capital and to the reinvestment of maturing capital for customers with a prudent attitude to risk, thanks to the combination of the yield of two separate historical areas of management known as "Reale" and "Reale Uno". The third is an innovative investment solution dedicated both to new capital and to the reinvestment of maturing policies. The product, designed with the expertise of Banca Reale, involves the combination of the "Reale Uno" separate management with a specific asset fund: for this fund, the gross annual fixed revaluation rate will be guaranteed by the Company.

Italiana Assicurazioni S.p.A.

With regard to the "Savings and Investment" area, in early 2023 the **"Contopolizza Protetto Light 2.0"** and **"Risparmio Certo Top 2.0"** products were released, which replaced, respectively, "Contopolizza Protetto Light" and "Risparmio Certo Top". In late May, then, a unit-linked product was launched, dedicated to a financial network and known as **"Assix Investment 2.0"**, which replaces "Assix Investment" already found in the catalogue. Between April and the start of June, two new products were also released which enriched the Company's offer catalogue. The first was **"Italiana Doppia GS – Limitless"**, a single premium and whole life product having the innovative characteristics of having two separate managements as underlying funds, while the second offer added to the catalogue was "Italiana Forza 10", a unit-linked policy with annual premiums and whole life dedicated to a financial network.

In the second-half of 2023, another two new products were sold:

- **“Superboost”** which is a new investment solution for customers with a prudent attitude to risk. Furthermore, thanks to the characteristics of the underlying funds, the product can be classified as “Sustainable” according to what is envisaged by Article 8 of the SFDR, the first European Regulation on sustainability disclosure of financial services;
- **“Italiana Bonus”**, a unit-linked insurance investment product, at whole life and with single premium.

Reale Vida y Pensiones S.A.

The Company supplemented its offer with the **“Reale Ahorro PPA Compromiso”** product, which integrates pension benefits with insured capital upon retirement and which offers interesting tax benefits for the policyholder. It guarantees semi-annual interest, allows for one-off, periodic and extraordinary payments, as well as the early divestment of the accumulated funds in the event of long-term unemployment, serious illness or permanent invalidity of any degree. Furthermore, the underlying investments are in line with the Reale Group Sustainability Policy.

2.5.2 Reinsurance

The reinsurance policy of Reale Group companies is applied seeking to obtain the best possible combination between proportional (quota share, surplus share or a combination of the two) and non-proportional covers (excess of loss or stop loss, to protect the part retained or as single coverage). In view of the differences on international reinsurance markets and the presence of representative offices of foreign reinsurers who specifically operate on the different markets, cessions are made separately by Group companies but always under the coordination of the Parent, which ensures operational synergy and shared strategies for placing treaties in the reinsurance market.

Relationships between Reale Group and the reinsurance market are based on the principle of obtaining congruous coverage of risks, with particular attention to the long-term relationship between the ceding company and reinsurer, acknowledging a fair margin of profit to the latter and avoiding any short-term speculative goals. During 2023, the reinsurers selected by Reale Group companies achieved satisfactory underwriting results, confirming a high level of economic and financial solidity.

The main amounts for reinsurance ceded are listed in the table below:

	in millions of euro		
SALIENT BIP	2023	2022	Change
Reinsurance cessions that constitute Non-Life business assets	790.7	451.4	339.3
Reinsurance cessions that constitute Life business assets	51.1	45.7	5.5
Total insurance assets	841.8	497.0	344.7
Result of reinsurance ceded Non-life - business	225.7	(94.0)	319.7
Result of reinsurance ceded - Life business	(2.4)	(3.8)	1.4
Total result reinsurance ceded	223.3	(97.8)	321.1

As the Parent and according to its activity of guidance, governance and control, Reale Mutua negotiates all compulsory cessions of Group companies in Italy jointly on the reinsurance market in order to secure the best economic and contractual conditions for each company, pursuing an attentive strategy of mitigating risks and of balancing the portfolio.



Recourse to optional cessions is limited and the Parent company intervenes to indicate the channels that can be adopted for this type of business. This approach has been adopted in order to promote more efficient risk management in accordance with current legislation and also to optimise reinsurance structures and simplify management and administrative aspects.

For the **Italian Companies**, in the Non-Life business, proportional treaties are adopted mainly for the Fire, Health, Suretyship, Technological Risks, Legal Fees, and Hail businesses. The retained portfolio of Group companies (net of transfers to existing proportional treaties) is protected by suitable forms of non-proportional coverage, also taking into account guarantee extensions to catastrophic risks.

The proportional treaty for Hail and the excess of loss treaties for Fire Group Layer, Hulls Land Vehicles, TPL Land Vehicles and Aviation are Group covers.

The Life reinsurance structures envisage a combination of proportional (quota and excess) and non-proportional (excess of catastrophic risk, to protect risks retained by Group companies) treaties.

Again in the 2023 financial year, the reinsurance treaties were assessed, using deterministic and stochastic modelling tools, by obtaining consultancy from specialist brokers. Prospective quantitative analyses were carried out to measure the adequacy of reinsurance structures, also in the event of an adverse rate of claims (frequency and severity), taking into account both particularly significant individual claims and the all-round claims rate. Particular attention was dedicated to earthquake and flood risks, for which concentration assessments were carried out on a geographic and seismic basis. For the Fire business, an analysis has been made of the catastrophe exposure (earthquake and flood) of Group companies, based on more updated information regarding the single portfolios, and an assessment of the forecast claims rate using the main market models.

At the level of consulting, a single supplier was chosen for all Group companies, so as to guarantee and strengthen further the coordination and coherence in defining the insurance solutions of each entity, with a particular focus on integrated solutions more functional to optimising territorial diversification of risk opportunities.

For the **Spanish companies** the definition of the reinsurance policy is based upon the analysis of historical data concerning profitability, claims rates and exposure to the various risk categories underwritten. The reinsurers selected guarantee the actual transfer of the risk and reduce counterparty and legal risks to a minimum, in order to achieve a balance between the actual protection of the portfolio and the cost of that protection.

A comprehensive study is carried out every year to verify the adequacy of reinsurance covers in the various business lines. Exposure to catastrophic risks is not assessed since this cover is provided by the Consorcio de Compensación de Seguros. Reale Seguros has stipulated proportional contacts for Other Property Damage. It has stipulated proportional and non-proportional contracts for Fire, Transport and Multi-risk business. More specifically, for the Transport business a proportional quota share contract was signed while for the Technological Risks business a proportional and excess quota share contract was signed.

The non-proportional structures are used as single reinsurance cover relating to the Land Vehicles TPL, General TPL and Accident businesses.

In 2023 the XL treaty was renewed which protects the transfer to the “Eccedente Incendio Multirischio” programme.

Reale Chile Seguros has a reinsurance strategy and policy aimed at maximising the capital structure of the company, guaranteeing business continuity, achieving greater stability in terms of results, and improving the cover and products available for policyholders.

As in previous years, again in 2023, the reinsurance programme to protect the Fire (including earthquake), Engineering, Transport and Multi-Risk businesses consists of a Quota Share and Surplus proportional structure. The risks retained by the Company are protected by an XL Working Cover "Tent Plan" programme, which includes the Fire, Motor, Transport (Comprehensive), Engineering, Third Party Liability and Accident businesses. In addition, in the Fire and Engineering businesses, if a catastrophic event (including earthquake) occurs, an excess of loss treaty (XL CAT) is operational. Reale Chile Seguros uses optional reinsurance in specific circumstances to maximise its capacity to provide a complete solution to policyholders and brokers. Under its current reinsurance policy, the Company has adequate control of counterparty and legal risks as its reinsurers are diversified, having a strong credit risk guarantee rating, and comply with local laws. Therefore, this structure also guarantees the financial stability of the Company in the event of major claims and catastrophic events.

2.5.3 Real estate and services sector

The real estate and services sector is comprised of the following Companies: Reale Immobili and Reale Immobili España belonging to the real estate sector, Reale Ites and Reale Ites Esp belonging to the IT Services sector and Blue Assistance, Blue Health Center, Italnext, Rem Intermediazioni and Plurima, belonging to the Services sector.

The main economic figures for the above sector are provided below:

	in millions of euro		
	Real estate and services sector		
	2023	2022	Change
INCOME/EXPENSES FROM FIN. ASS AND LIAB VALUED AT F.V. RECORDED IN INC/ST (+/-)	0.7	1.8	(1.1)
INCOME/EXPENSES FROM EQUITY INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (+/-)	39.7	0	39.7
INCOME/EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES AND FROM INVESTMENT PROPERTY (+/-)	94.2	91.8	2.4
RESULT OF INVESTMENTS (+/-)	134.6	93.6	41.0
NET EXPENSES/INCOME OF FINANCIAL NATURE RELATING TO INSURANCE CONTRACTS WRITTEN (+/-)	0	0	0
NET INCOME/EXPENSES OF FIN NATURE RELATING TO CESSIONS TO REINSURANCE (+/-)	0	0	0
NET FINANCIAL RESULT (+/-)	134.6	93.6	41.0
OTHER INCOME/EXPENSES (+/-)	212.9	198.3	14.6
OPERATING EXPENSES	(195.1)	(186.9)	(8.2)
OTHER INCOME/EXPENSES (+/-)	(45.3)	(41.3)	(4.0)
PROFIT (LOSS) FOR THE YEAR BEFORE TAXES (+/-)	107.1	63.7	43.4

The **pre-tax result** at 31 December 2023 is positive for € 107.1 million (€ 63.7 million at 31 December 2022); the 2023 final figure was positively influenced by the capital gain from transfer, amounting to € 39.9 million, achieved by the subsidiary Blue Assistance in the partnership operation with Intesa Sanpaolo Vita. For further details, please refer to what is reported in the "Main events during the financial year" section.



The **investments and cash on hand** of the Real Estate and Services sector (including the property held for use by the Company) amount, at 31 December 2023, to € 1,360.8 million (€ 1,311.2 million at 31/12/2022), comprised mainly of investment property and property for own use for € 923.5 million (€ 961.1 million at 31/12/2022).

As in the past, **real estate transactions** were mainly directed towards management of Reale Group's real estate assets, consisting of instrumental buildings used as offices and to house accessory parts of the corporate structure, and of buildings rented to third parties.

Maintenance was carried out during the year both to guarantee routine upkeep of the buildings and also to maintain suitable quality levels of the assets.

Furthermore, activities of other instrumental Companies continued in their business sectors to guarantee both routine operations as well as the performance of their projects in order to reach the Group objectives.

The most significant activities undertaken by the Group's real estate and service companies and their main results in 2023 are summarised below.

Reale Immobili S.p.A.

The Company operations recorded **positive economic-financial results**, in line with expectations. The most significant events occurring in the financial year concerns the real estate transfers, particularly the transfer of the properties of Milan Via Mengoni 4 and Via Santa Margherita 7 to the Monviso Fund, for a total value of € 37.0 million, and the achievement of a capital gain of € 30.6 million.

The transaction is part of the broader project launched in 2022 which involves the gradual contribution of a selected range of properties, mainly for executive use, to the real estate alternative investment Fund "Monviso" promoted by the asset management company InvestiRE. By contributing to the Fund, **the Company sets itself the goal of enhancing its portfolio via building upgrades and commercial repositioning, maximising profitability**. The transfer is split into four tranches, starting in December 2022 until 2025, and concerns the properties of Turin Corso Giulio Cesare 268, Milan Piazzetta Pattari 2, Via Mengoni 4, Via Santa Margherita 7, Vicolo Santa Maria alla Porta 1, Via Tito Speri 8, Corso Venezia 8, Via Zuretti 34 and Via Senato 11.

In late June the Fund realised the sale of the property of Milan Piazzetta Pattari 2, at the price of € 49.0 million, and following that transaction, on 31 July, it commenced a partial redemption of shares for a total of € 47.1 million and a distribution of income of € 2.1 million. As part of the investments in real estate funds, 2023 also saw the sale of 507 units to the PRS Italy Fund, equal to 13.98%, for a market value of € 11.8 million, in conformity with what is envisaged by the Investment Agreement signed with Partners Group in December 2021, as well as payments for equity calls in favour of the Reale Immobili Fund for a total of € 1.6 million.

In terms of **real estate disposals**, the main transactions undertaken in the year include the sale, on 30 January 2023, of the property of Turin Corso Vittorio Emanuele II 101, at a price of € 5.1 million. During the year some units spread across the entire country, mainly vacant, were also sold for a market value of € 3.9 million.

During 2023, the Company took forward the development of **important real estate projects**, including:

- **Milan Via Senato 5**: project that involves the creation of a new hotel positioned in the "top luxury" segment, with approximately 70 rooms and suites, a restaurant and lounge bar, and wellness centre with gym run by a major operator;
- **Milan Via Tolstoj 64/74**: residential complex currently leased where the development and energy upgrading is in progress through interventions aimed at improving the energy efficiency and marketability of the property. The project also involves the establishment of an energy community with a photovoltaic panel system;
- **Milan Via Tito Speri 8**: project that involves the construction of a new office building in the Porta Garibaldi business district;

- **Rome Via del Leone 22:** redevelopment of apartments intended for short-term leasing, managed by a specialist operator. The works were completed in March with subsequent delivery to the tenant for the start of the “Holiday Homes and Guest House” activities in April;
- **Turin Corso Palestro 5:** redevelopment of the building to create a “senior living” residence.

As part of its consulting for Group Companies, the support activities in managing and enhancing the real estate assets, in particular with reference to the **“New Ways of Working” project** (linked to the adjustment of the spaces for new ways of organising hybrid work), continued.

2023 closed with an EBITDA of € 78.6 million, with a share in the production revenue of 66.4% (57.8% in 2022), up compared to the results of last year due to the effect of the reduction of production costs. The capital gains for real estate disposals amount to € 34.7 million (€ 36.8 million in the previous year), deriving from the transactions described above.

The net financial year result stands at € 46.3 million, against a profit in the previous year of € 41.7 million.

Reale Immobili España S.A.

The activities of the Company concern the management and enhancement of the real estate assets owned by the Company, including those transferred by Reale Seguros in 2018.

In terms of the 2023 economic results, the Company confirmed a positive result of € 1.7 million, up compared to 2022 (€ 0.4 million). The Gross Operating Margin (EBITDA) increased compared to the previous year, amounting to € 4.3 million (€ 2.5 million at December 2022).

Reale Ites S.r.l. - Reale Ites Esp S.l.

The role of Reale Ites and Reale Ites Esp within Reale Group is to guarantee seamless operation by providing IT services and gearing to changes in business requirements and those in connection with the design of new insurance products. It plans activities aimed at optimising and stabilising the IT system as a whole, in order to significantly improve the service provided, while reducing costs. With this in mind, 2023 saw the continuation and implementation of activities of the **strategic technology stream** and the definition of the new ICT Strategic Programme, which will start in 2024, in line with the strategic trajectories defined by the Group and with the aim of recovering the gaps identified from the comparison with the market (cost containment, infrastructural/application simplification and greater organisational efficiency), also increasing the quality of the service offered by the Group’s ICT system.

The Digital Transformation of the Reale Group business, in order to make it a competitive factor in the construction of products and services via the adoption of the “Agile” methodology, continued its activities and a new operational model was designed in support of the transformation itself, also involving a major organisational revision of the main processes with the aim of achieving greater control of the evolution and technical transformation strategies.

The main projects continued or started in 2023 include:

- **TOM Project** (part of the Group Transformation Program Italy): the transformation of the Motor Business IT system applications continues, involving the adoption of a unified front end for the placement of products distributed through the agency network and improvements in the process/functions on the distribution front;
- **Life Vertical** (for the Italian companies): the activities relating to the implementation of improvements and new functions on the Agency front end to optimise the post-sales processes continue;
- **Non-Motor Non-Life Vertical** (part of the Group Transformation Program Italy): the basic interventions for efficient business management or “preparatory” to transformation initiatives, together with the more disruptive interventions that allow for the model of the future to be built, continue;



- **Journey to Cloud** (for the Italian and Spanish companies): the migration activities to the Cloud of “non-productive” environments continue;
- **Fabrick digital payments** (for the Italian companies): project in the pilot stage, activities continue for the inclusion of new payment methods;
- CIS Project (for the Spanish insurance companies): the activities to define the configurator of Fenix products and the evolution of AIRE continued.

In terms of **Cybersecurity** the maximum attention is maintained; in 2023, the Executive Security Governance Dashboard with the Tableau de Bord is fully-operational, and IT control and management services have been strengthened, in relation to Security Incident Management, given that hacker attacks have significantly increased compared to last year.

In terms of **IT Risk Analysis**, the Companies supported the annual assessment process of the IT risk and produced the draft processing plan.

In the field of **Architecture**, the evolution planned in order to obtain an open, flexible and scalable architecture continued, with a view to facilitating Agile development and the use of Cloud potential as well as to improve performance and stability.

As regards the economic results, the two companies reported revenues from services of € 150.0 million, referring to fees for IT services supplied to Group companies. At year-end, investments in hardware and software amounted to € 142.4 million.

The Companies closed the year overall in profit for € 0.1 million compared to a profit of € 1.6 million in 2022.

Blue Assistance S.p.A.

In addition to the projects described in the chapter “Main events during the financial year”, Blue Assistance’s activities during the 2023 financial year were implemented in the following business lines:

- In the area of **Third-Party Administrator Health** the revision activities of the “Direct” process continued, in collaboration with the healthcare facilities of the network, along with the definition of the new Dental nomenclature which entered into force in November. The process aimed at increasing the extensiveness of the Network facilities also continued, with an increase of +14% compared to 2022, allowing for specific areas of interest or types of facilities (such as North-East and dental) to be reached.
- in the **Third-Party Administrator Assistance** sector, developments were launched in the “Roadside Assistance” management area with a view to enhancing the digital experience of the customer/policyholder, by inserting new suppliers to guarantee increasing coverage across the country and more efficient response times. To strengthen the offer in support of electric/hybrid vehicles, an agreement was reached with one of the main players on the recharge services market;
- In the field of **Services**, following the transfer of the “Virtual Hospital Services and Mynet” business branch, the Company maintained a distributor role focused particularly on the Insurance world, while Blue Health Center took the role of “Product factory”, as well as B2B and B2B2C.

Furthermore, in the month of July, the Company established a new Division - Mobility & Home - with the aim of managing services in the Mobility and Home world. In this field, the design of innovative services goes alongside the Long-Term Rental pilot initiative, with an increasing number of Group Agencies involved.

From an **economic perspective**, the gross operating margin at 31 December 2023 amounted to € 41.4 million compared to a value of € 2.6 million in the previous financial year.

The increase is attributable to the effects of the transfer of the “TPA (Third Part Administrator) InSalute” business branch which generated a capital gain of € 39.9 thousand, as indicated in the chapter “Main events during the financial year”.

The financial year closed with a total profit of € 39.6 million compared to € 0.3 million at 31 December 2022.

Blue Health Center S.r.l.

For further information on the nature of the Company and on the main activities implemented by it, please refer to the chapter "Main events during the financial year". In relation to the economic results, revenues from sales and services amounted to € 0.8 million. The financial year closed with a loss of € 1.3 million.

Italnext S.r.l.

The Company, established in 2015 and controlled by Italiana Assicurazioni, carries out brokerage activities for the sale of insurance products and for promoting social security and welfare protection, develops innovative commercial initiatives in the Non-life and Life businesses through agreements with other intermediaries, and tests evolved processes and instruments for providing insurance back office services. It activated collaboration agreements with more than 400 agencies and brokers.

It also provides, administrative, managerial, consultancy and support services related to insurance brokerage activity.

Revenues from sales and services amounted in total to € 3.2 million.

The Company closed with a profit of € 0.2 million, confirming the result of the previous year.

Rem Intermediazioni S.r.l.

Rem Intermediazioni, 100% controlled by Italiana Assicurazioni, was founded in 2004 and performs agency activities. Revenues from sales and services amounted in total to € 0.4 million.

The Company closed with a profit equal to € 0.3 million, confirming the result of the previous year.

Plurima Servizi Assicurativi S.r.l.

The Company is a digital broker (insurtech), which acts as a digital platform to make available market insurance solutions through other intermediaries, according to "horizontal collaboration" logics. For further information, please refer to the chapter "Main events during the financial year".

Revenues from sales and services amounted in total to € 0.5 million.

The Company closed with a loss of € 0.5 million.



2.5.4 Banking sector

The main economic figures related to the Banking sector to which the subsidiary Banca Reale belongs are reported below:

	in millions of euro		
	Banking sector		
	2023	2022	Change
INCOME/EXPENSES FROM FIN. ASS AND LIAB VALUED AT F.V. RECORDED IN INC/ST (+/-)	0	0	0
INCOME/EXPENSES FROM EQUITY INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (+/-)	0	0	0
INCOME/EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES AND FROM INVESTMENT PROPERTY (+/-)	21.9	13.8	8.1
RESULT OF INVESTMENTS (+/-)	21.9	13.8	8.1
NET EXPENSES/INCOME OF FINANCIAL NATURE RELATING TO INSURANCE CONTRACTS WRITTEN (+/-)	0	0	0
NET INCOME/EXPENSES OF FINANCIAL NATURE RELATING TO CESSIONS TO REINSURANCE (+/-)	0	0	0
NET FINANCIAL RESULT (+/-)	21.9	13.8	8.1
OTHER INCOME/EXPENSES (+/-)	23.4	26.4	(3.0)
OPERATING EXPENSES	(31.9)	(29.7)	(2.2)
OTHER INCOME/EXPENSES (+/-)	(2.0)	(1.8)	(0.2)
PROFIT (LOSS) FOR THE YEAR BEFORE TAXES (+/-)	11.4	8.7	2.7

During 2023, the lending activities of **Banca Reale** were dedicated, in particular, to its active participation in the Group "Ecosisma Bonus" project, with the development of loans for Reale Group customers for building energy upgrades, accessory to the purchase of tax credits by insurance companies.

At 31 December 2023 the "ecobonus" loans amounted to a total of € 65.5 million, which are combined with the purchases of tax credits made directly by the Bank, for approximately € 18.0 million. In terms of lending, there was also the development of residential mortgages disbursed to customers, which as at 31 December 2023, amounted to approximately € 276 million and record an increase of 9.4% compared to 2022; in addition to increase of loans of insurance policies of the Group companies is noted, with an increase of 17.9% compared to 2022.

During the year, project initiatives continued with the shared goal of encouraging the gradual increase of the penetration rate of Reale Group company insurance customers, with the development of dedicated banking and financial products and services. Among these, the innovation of the Insurance Credit product dedicated to customers of Reale Group and its integration within the payment platform adopted by the insurance companies, with a high degree of automation of *scoring* and on *boarding* processes for the customer, is especially important.

The Bank's distribution network numbers ten branches and includes those of Turin – Re Umberto, Turin – Corte d'Appello, Borgosesia (VC), Milan, Legnano (MI), Parma, Verona, Bologna, Udine and Rome.

In terms of the main balance sheet and income statement items, total customer deposits stood at € 16,805.6 million at 31 December 2023, an increase of 0.1% compared with the previous year.

Direct income amounted to € 1,124.1 million (+0.2%), whereas indirect income amounted to € 15,682.5 million (+0.1%). Net loans to customers amounted, at year-end, to € 733.2 million, revealing an increase of 2.9% over 2022.

The income statement for 2023 closed with an intermediation margin of € 48.6 million, with an increase of 10.4% compared to 2022.

Profit from current operations, before taxes, amounted to € 11.3 million (+30.4% compared to 2022), while the net profit for the financial year stands at € 7.4 million and shows an increase of 32.5% compared to 31 December 2022.

2.5.5 Investment management

Group investments, by individual item, are set forth in the table below

	in millions of euro				
	2023	Composition	2022	Composition	Change
Investment property	875.4	4.5%	910.7	4.8%	(3.9)%
Equity investments in associates and j.v.	77.1	0.4%	39.6	0.2%	94.7%
Fin. assets valued at amortised cost	816.2	4.2%	792.1	4.2%	3.0%
Fin. ass. at FV with tax on total income	13,723.3	71.4%	13,420.7	71.1%	2.3%
Fin. ass. valued at FV recorded in income st	3,764.5	19.5%	3,715.4	19.7%	1.3%
Total	19,256.5	100.0%	18,878.5	100.0%	2.0%

The Group's **investment activities** continued according to the usual criteria of prudence, pursuing a portfolio asset allocation that facilitated the limiting of financial risks and market volatility while still taking advantage of opportunities that were gradually created, particularly in terms of tactical positioning to support the portfolio income.

As regards **bonds**, our Companies pursued a strategy aimed at achieving a balance between the soundness of investments and portfolio profitability, by ensuring adequate diversification of issuers, combining the traditional considerations of a financial risk/return nature with an analysis of the factors correlated to environmental, social and governance sustainability. The level of portfolio risk remained consistent with the Group's overall risk profile. Debt securities totalled € 14,527.6 million at 31 December 2023 and are up compared to last year's value (€ 14,120.2 million).

Changes in duration in the Non-life segment were consistent with the risk profile of the liabilities held, while in the Life segment asset liability management techniques were used to match assets with commitments towards policyholders.



Some indices relating to the bonds portfolio at 31 December 2023 are set forth in the table below for the main Group companies.

	Reale Mutua Assicurazioni	Italiana Assicurazioni	Reale Seguros	Reale Vida	Reale Chile Seguros
Total Duration	6.50	7.30	-		
Duration - Non-life	3.80	3.90	2.90	-	1.80
Duration - Life	7.50	7.90	-	5.10	-
Average rating	BAA1	BAA1	BAA1	BAA1	A2

Given the context characterised, particularly in the Euro zone, by the slowdown of the economy and by inflation not yet in a consolidated reduction phase and, consequently, not capable of decisively influencing the monetary policy decisions of the Central Banks, which remained restrictive during the year, in order to contain the portfolio volatility, the **share segment** was reduced during the period of reference both in terms of exposure and in percentage terms, generating capital gains from trading. Capital securities and shares of UCITs totalled € 2,884.7 million at 31 December 2023, a decrease of 1.5% compared with the same period of the previous year.

In carrying out their business activities, the Group companies use **derivative and structured financial instruments** for hedging purposes, to limit the investment risk, and also to enhance portfolio management and to achieve their investment goals more quickly, more easily, more economically or more flexibly than would be possible using the underlying assets.

All investment activities, also with regard to structured securities and derivatives, are regulated by specific resolutions of the Boards of Directors in accordance with their strategic guidelines and the financial situation of each company. The competent company structures verify these activities at regular intervals, on the basis of financial risk measurement parameters, and submit periodical reports on their findings to the Boards of Directors.

Use of derivative and structured instruments did not generate any significant losses or potential risks in 2023.

Details of income and charges on Group investments, divided by single item, are set forth in the table below.

	in millions of euro		
	2023	2022	Change
Income/Expenses from fin. ass. and liab. valued at FV recorded in income st.	300.2	(448.9)	749.1
Income/Expenses from equity investments in associates and jv	44.8	5.5	39.3
Income/Expenses from other fin. ass. and liab. and from real estate inv.	445.2	392.2	53.0
Interest income	370.4	275.3	95.1
Interest expense	(11.6)	(3.8)	(7.8)
Other income/expenses	79.7	80.1	(0.4)
Realised profits/losses	28.5	60.9	(32.4)
Profits/losses from valuation	(21.8)	(20.3)	(1.5)
NET INCOME ON INVESTMENT	790.2	(51.2)	841.4

2.5.6 Regulation 2020/852 - “Taxonomy Regulation (TR)”

Context of reference

During 2020, the European Parliament and the Commission issued **Regulation EU 2020/852** (so-called European or EU Taxonomy or “Taxonomy Regulation”), on the establishment of a framework to facilitate sustainable investment; this Regulation introduced the taxonomy of so-called **environmentally sustainable economic activities** into European law: a classification method for businesses based on alignment with the European Union's environmental goals. With reference to the three ESG pillars of sustainability (Environmental, Social, Governance), currently the taxonomy concentrates on the environmental pillar. The European Taxonomy is part of an action plan published by the European Commission in March 2018 in order to fund sustainable growth, defining an ambitious global strategy on sustainable finance.

The Regulation defines **6 goals** for identifying sustainable economic activities in terms of the environment:

- climate change mitigation;
- climate change adaptation;
- sustainable use and protection of water and marine resources;
- transition towards a circular economy;
- pollution prevention and control;
- protection of ecosystems and biodiversity.

As of today, the European Commission has issued a series of Delegated Regulations to supplement the provisions of Regulation (EU) 2020/852 both as regards the definition of the criteria for classifying an economic activity as environmentally sustainable and as regards the reporting area, more specifically:

- Delegated Regulation (EU) 2021/2139 (known as Climate Delegated Act);
- Delegated Regulation (EU) 2021/2178 (known as Disclosure Delegated Act);
- Delegated Regulation (EU) 2022/1214 (known as Complementary Climate Delegated Act);
- Delegated Regulation (EU) 2023/2485 (known as Amending the Climate Delegated Act);
- Delegated Regulation (EU) 2023/2486 (known as Environmental Delegated Act).

In relation to the definition of the criteria for classifying an economic activity as environmentally sustainable, Delegated Regulation (EU) 2021/2139 defined the criteria (i.e. technical screening criteria, causes no significant harm, and minimum safeguard guarantees) based upon which it is possible to identify economic activities that can contribute substantially to:

- mitigating climate change, and/or;
- adapting to climate change.

That Regulation was modified by Delegated Regulation (EU) 2022/1214 which establishes the criteria for aligned economic activities in the fossil gas and nuclear energy sectors and by Delegated Regulation (EU) 2023/2485 which introduces new aligned activities for the first two environmental goals, respectively in the area of the manufacturing sector (e.g. car and railway component manufacturing) and air transport sector (passenger and goods transport, aircraft leasing, handling operations) and in the Disaster Risk Management sector (e.g. emergency services).



Finally, Delegated Regulation (EU) 2023/2486 supplements Regulation (EU) 2020/852 by establishing the criteria that enable the identification of economic activities that can contribute substantially to the other four environmental goals defined by the Taxonomy:

- sustainable use and protection of water and marine resources, and/or;
- transition towards a circular economy, and/or;
- pollution prevention and control, and/or;
- protection of ecosystems and biodiversity.

In the overall strategy outlined by the European Commission to fund sustainable growth, the action relating to the harmonisation - at European level - of the criteria based upon which an economic activity may be considered environmentally sustainable in relation to certain environmental goals, is considered extremely important; the ultimate purpose of this law is to facilitate and incentivise the transition towards a safe, climate-neutral, climate-change resilient, and efficient economy in terms of resources.

With regard to the reporting area, the Regulation on the European Taxonomy was supplemented by Delegated Regulation (EU) 2021/2178 which regulates the content and presentation of information that financial companies, subject to non-financial reporting obligations, must communicate in relation to the degree to which the economic activities associated with them are environmentally sustainable (aligned) under the European Taxonomy.

The latter establishes specific disclosure obligations for companies within the scope of application of the European Non-Financial Reporting Directive (NFRD), requiring Groups to include in their Non-Financial Disclosures (NFD) or in their consolidated financial statements information on how and to what degree their activities are associated with environmentally sustainable business activities pursuant to the Taxonomy.

The application of the Regulation is occurring gradually. After an initial phase relating to reporting, by financial groups, of eligible commercial activities (Taxonomy-eligible) (from 1 January 2022 until 31 December 2023, with reference to the final figures of the 2021 and 2022 financial years), from 1 January 2024 it is necessary to report on the degree of alignment to the Taxonomy (Taxonomy-aligned) with reference to the first two environmental goals, while reporting on the degree of eligibility is required with reference:

- to the activities in the first two environmental goals introduced by Delegated Regulation (EU) 2023/2485;
- to the four new environmental goals defined by Delegated Regulation (EU) 2023/2486.

Furthermore, the quantitative performance indicators (known as KPI) for financial and insurance Groups must be reported using the templates present in the Annexes to Delegated Regulation (EU) 2021/2178.

Additional reporting obligations were introduced by Delegated Regulation (EU) 2022/1214 which envisaged further specific templates for reporting exposures to the economic activities of the energy sectors of fossil gas and nuclear energy aligned to the Taxonomy.

Methodology and findings

For Reale Group, the analysis for the mandatory disclosure was conducted on the perimeter of the Group's insurance companies that constitute the main part of Reale Group's business. The KPIs were reported according to the templates found in Annexes IX and X of Delegated Regulation (EU) 2021/2178.

The KPI disclosure (KPIs relating to investments and KPIs relating to underwriting activities) is accompanied by qualitative information that enables Stakeholders to understand the reference context and the methodological choices adopted in analysing the KPIs.

Since this is the first year of reporting of the degree of alignment, all criteria and assumptions made for calculating the indicators, included in this section, are based on the information and requirements currently available, not yet having reached the market with the provisions fully implemented.

Furthermore, Reale Group has decided to report voluntarily and in simplified form the KPIs of the credit institutions and the KPIs of the non-financial companies.

The following sections illustrate the mandatory quantitative KPIs for Reale Group in accordance with Article 8 of Regulation (EU) 2020/852, the main assumptions adopted in determining the indicators, and a qualitative description of the main findings that emerged.

Key performance indicators (KPI) of insurance companies KPI related to investments

Reale Group is required to report the KPI related to investments and all further information required by Annex X of Delegated Regulation (EU) 2021/2178.

The analysis was conducted on all assets of the insurance sector, net of exposures to central administrations, central banks and supranational issuers, and the sum of intangible assets, tangible assets (excluding instrumental properties), insurance assets, financial assets and other assets.

At 31 December 2023 the total of the **assets covered by the EU Taxonomy indicators** is € 8,936.9 million.

The **alignment indicator based upon the turnover of the proportion of investments directed at funding, or associated with, Taxonomy-aligned activities amounts to 1.8%** (corresponding to a value of € 160.8 million) and the **alignment indicator based upon the capital expenditure of the proportion of investments directed at funding, or associated with, Taxonomy-aligned activities is 3.1%** (corresponding to a value of € 277.4 million).

Template - The proportion of the insurance or reinsurance undertaking's investments that are directed at funding, or are associated with, Taxonomy-aligned in relation to total investments

The Weighted average value of all the investments of insurance or reinsurance undertakings that are directed at funding, or are associated with Taxonomy-aligned economic activities, with following weights for investments in undertakings.		The Weighted average value of all the investments of insurance or reinsurance undertakings that are directed at funding, or are associated with Taxonomy-aligned economic activities, with respect to the value of all assets covered by the KPI, with the following weights for investments in undertakings	
Turnover-based (in millions of euro)	160.8	Turnover-based (%)	1.8%
Capital expenditures-based (in millions of euro)	277.4	Capital expenditures-based (%)	3.1%
The monetary value of assets covered by the KPI, excluding investments in sovereign entities		The percentage of assets covered by the KPI relative to total investments of insurance or reinsurance undertakings (total AuM), excluding investments in sovereign entities.	
Coverage (in millions of euro)	8,936.9	Coverage ratio (%)	50%



Additional, complementary disclosures: breakdown of denominator of the KPI

The value in monetary amounts of derivatives		The percentage of derivatives relative to total assets covered by the KPI	
Monetary amount (in millions of euro)	0.11	Percentage (%)	0.0%
Value of exposures to financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU		The proportion of exposures to financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI	
For non-financial undertakings (in millions of euro)	2,164.5	For non-financial undertakings (%)	24.2%
For financial undertakings (in millions of euro)	NA	For financial undertakings (%)	NA
Value of exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU		The proportion of exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI	
For non-financial undertakings (in millions of euro)	1,291.0	For non-financial undertakings (%)	14.4%
For financial undertakings (in millions of euro)	NA	For financial undertakings (%)	NA
Value of exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU		The proportion of exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI	
For non-financial undertakings (in millions of euro)	1,229.9	For non-financial undertakings (%)	13.8%
For financial undertakings (in millions of euro)	NA	For financial undertakings (%)	NA

Value of exposures to other activities and counterparties over total assets covered by the KPI		The proportion of exposures to other activities and counterparties over total assets covered by the KPI	
Monetary amount (in millions of euro)	242.7	Percentage (%)	2.7%
Value of insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders, that are directed at funding, or are associated with, Taxonomy-aligned economic activities		The proportion of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders, that are directed at funding, or are associated with, Taxonomy-aligned economic activities	
Turnover-based monetary amount (in millions of euro)	93.9	Percentage (%)	1.1%
Capital expenditures-based monetary amount (in millions of euro)	155.0	Percentage (%)	1.7%
Value of all the investments that are funding economic activities that are not Taxonomy-eligible relative to the value of total assets covered by the KPI		The proportion of all the investments that are funding economic activities that are not Taxonomy-eligible relative to the value of total assets covered by the KPI	
Turnover-based monetary amount (in millions of euro)	2,527.5	Percentage (%)	28.3%
Capital expenditures-based monetary amount (in millions of euro)	2,367.2	Percentage (%)	26.5%
Value of all the investments that are funding Taxonomy-eligible economic activities, but not Taxonomy-aligned relative to the value of total assets covered by the KPI		The proportion of all the investments that are funding Taxonomy-eligible economic activities, but not Taxonomy-aligned relative to the value of total assets covered by the KPI	
Turnover-based monetary amount (in millions of euro)	247.6	Percentage (%)	2.8%
Capital expenditures-based monetary amount (in millions of euro)	293.7	Percentage (%)	3.3%



Additional, complementary disclosures: breakdown of the numerator of the KPI

Value of Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU		The proportion of Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI	
For non-financial undertakings - turnover-based (in millions of euro)	160.8	For non-financial undertakings - turnover-based (%)	1.8%
For non-financial undertakings - turnover-based (in millions of euro)	277.4	For non-financial undertakings - capital expenditures-based (%)	3.1%
For non-financial undertakings - turnover-based (in millions of euro)	NA	For financial undertakings - turnover-based (%)	NA
For non-financial undertakings - turnover-based (in millions of euro)	NA	For financial undertakings - capital expenditures-based (%)	NA
Value of insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders, that are directed at funding, or are associated with, Taxonomy-aligned		The proportion of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders, that are directed at funding, or are associated with, Taxonomy-aligned	
Turnover-based (in millions of euro)	93.9	Turnover-based (%)	1.1%
Capital expenditures-based (in millions of euro)	155.0	Capital expenditures-based (%)	1.7%
Value of Taxonomy-aligned exposures to other counterparties over total assets covered by the KPI		The proportion of Taxonomy-aligned exposures to other counterparties in over total assets covered by the KPI	
Turnover-based (in millions of euro)	-	Turnover-based (%)	0.0%
Capital expenditures-based (in millions of euro)	-	Capital expenditures-based (%)	0.0%

Breakdown of the numerator of the KPI per environmental objective

Climate change mitigation

Turnover-based (%)	1.5%
Capital expenditures-based (%)	2.7%
Transitional activities (Turnover %)	0.0%
Transitional activities (CapEx %)	0.1%
Enabling activities (Turnover %)	0.5%
Enabling activities (CapEx %)	0.8%

Climate change adaptation

Turnover-based (%)	0.1%
Capital expenditures-based (%)	0.1%
Enabling activities (Turnover %)	0.0%
Enabling activities (CapEx %)	0.1%

Since the regulation currently imposes disclosure obligations in relation to alignment with the taxonomy only to issuers subject to NFD (Non-Financial Disclosure in accordance with Directive 2013/34/EU), the information relating to environmentally sustainable activities of the investment portfolios is still partial.

Furthermore, for the financial segment, the figure of alignment to the taxonomy will only be available from the next reporting period; therefore, the KPI reported by Reale Group for 2023 is conditional upon the availability of the data and the particularly marked allocation on the financial segment.

Exposures in nuclear and fossil gas related economic activities

In line with Delegated Regulation EU 2022/1214, the proportion of exposures to economic activities in some energy sectors (gas and nuclear) are reported below, in accordance with Annex XII of the aforementioned Regulation.

Template 1 Nuclear and fossil gas related activities

Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	Yes
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	Yes
Fossil gas related activities		
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	Yes
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	Yes
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	Yes



Template 2 Taxonomy-aligned economic activities (denominator)

A) Turnover-based

Row	Economic activities	Amount and proportion					
		CCM+CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (millions of euro)	%	Amount (millions of euro)	%	Amount (millions of euro)	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0.00%	-	0.00%	-	0.00%
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0.00%	-	0.00%	-	0.00%
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	5.5	0.06%	5.5	0.06%	-	0.00%
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.00%	0.0	0.00%	-	0.00%
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.00%	0.0	0.00%	-	0.00%
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.00%	0.0	0.00%	-	0.00%
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	34.1	0.38%	34.1	0.38%	-	0.00%
8	Total applicable KPI	8,936.9	100.00%	8,936.9	100.00%	-	0.00%

B) Capital expenditures-based

Row	Economic activities	Amount and proportion					
		CCM+CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (millions of euro)	%	Amount (millions of euro)	%	Amount (millions of euro)	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0.00%	-	0.00%	-	0.00%
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.8	0.01%	0.8	0.01%	-	0.00%
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	6.7	0.07%	6.7	0.07%	-	0.00%
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.00%	0.0	0.00%	-	0.00%
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.00%	0.0	0.00%	-	0.00%
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.00%	0.0	0.00%	-	0.00%
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	54.0	0.60%	54.0	0.60%	-	0.00%
8	Total applicable KPI	8,936.9	100.00%	8,936.9	100.00%	-	0.00%



Template 3 Taxonomy-aligned economic activities (numerator)

A) Turnover-based

Row	Economic activities	Amount and proportion					
		CCM+CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (millions of euro)	%	Amount (millions of euro)	%	Amount (millions of euro)	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0.00%	-	0.00%	-	0.00%
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.1	0.04%	0.1	0.04%	-	0.00%
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	26.9	16.75%	26.9	16.75%	-	0.00%
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0.00%	-	0.00%	-	0.00%
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0.00%	-	0.00%	-	0.00%
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0.00%	-	0.00%	-	0.00%
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	113.1	70.33%	113.1	70.33%	-	0.00%
8	Total applicable KPI	160.8	100.00%	160.8	100.00%	-	0.00%

B) Capital expenditures-based

Row	Economic activities	Amount and proportion					
		CCM+CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (millions of euro)	%	Amount (millions of euro)	%	Amount (millions of euro)	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	0.00%
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	2.7	0.96%	2.7	0.96%	-	0.00%
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	20.5	7.41%	20.5	7.41%	-	0.00%
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0.00%	-	0.00%	-	0.00%
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0.00%	-	0.00%	-	0.00%
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0.00%	-	0.00%	-	0.00%
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	102.6	36.99%	102.6	36.99%	-	0.00%
8	Total applicable KPI	277.4	100.00%	277.4	100.00%	-	0.00%



Template 4 Taxonomy-eligible but not taxonomy-aligned economic activities

A) Turnover-based

Row	Economic activities	Amount and proportion					
		CCM+CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (millions of euro)	%	Amount (millions of euro)	%	Amount (millions of euro)	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0	-	0	-	0.00%
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0.00%	-	0.00%	-	0.00%
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.2	0.07%	0.2	0.07%	-	0.00%
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	8.5	3.42%	8.5	3.42%	-	0.00%
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	17.0	6.87%	17.0	6.87%	-	0.00%
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.9	0.38%	0.9	0.38%	-	0.00%
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	40.9	16.51%	40.9	16.51%	-	0.00%
8	Total applicable KPI	247.6	100.00%	247.6	100.00%	-	0.00%

B) Capital expenditures-based

Row	Economic activities	Amount and proportion					
		CCM+CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (millions of euro)	%	Amount (millions of euro)	%	Amount (millions of euro)	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0.00%	-	0.00%	-	0.00%
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0.00%	-	0.00%	-	0.00%
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.2	0.06%	0.2	0.06%	-	0.00%
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	4.9	1.68%	4.9	1.68%	-	0.00%
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.2	0.06%	0.2	0.06%	-	0.00%
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.2	0.05%	0.2	0.05%	-	0.00%
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	46.5	15.82%	46.5	15.82%	-	0.00%
8	Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	293.7	100.00%	293.7	100.00%	-	0.00%



Template 5 Taxonomy non-eligible economic activities

A) Turnover-based

Row	Economic activities	Amount (millions of euro)	%
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0.00%
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.2	0.01%
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1.7	0.07%
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0.00%
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0.00%
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0.00%
7	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	122.0	4.83%
8	Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	2,527.5	100.00%

B) Capital expenditures-based

Row	Economic activities	Amount (millions of euro)	%
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0.00%
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	6.1	0.26%
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.9	0.04%
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0.00%
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0.00%
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0.00%
7	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	104.0	4.39%
8	Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	2,367.2	100.00%

KPI related to underwriting activity

The EU Taxonomy classifies non-life insurance underwriting as an activity of adaptation to the effects of climate change. To calculate the respective KPI, premiums linked to the underwriting of policies for climate risks are considered. In conformity with what is indicated in FAQ 67 of the Third Commission Notice (21 December 2023), in the case of multi-risk policies, only the portion of premium relating to the cover of climate risks needs to be considered.

As a result, the identification of aligned premiums requires analysis activity of the individual guarantees present in the insurance products, using information present in the portfolio management databases and, in the case of multi-risk policies, the identification of the portion of premium income related only to the cover of climate risks.

The Reale Group KPI underwriting at 31 December 2023 amounts to zero, as there are no portfolios of the Group Companies belonging to the non-life insurance sector (Reale Mutua, Italiana Assicurazioni, Reale Seguros and Reale Chile Seguros) produced with the characteristics envisaged by the regulation to be considered taxonomy-aligned.

It is noted, moreover, that during the year a structured initiative was commenced for the revision of the catalogue of products to cover atmospheric events with the aim of providing customers with adequate cover through correct risk modelling. In particular, works were commenced to develop products with requirements aligned to the Environmental Taxonomy, the sale of which will begin during 2024.



Voluntary information

On 21 December 2023, the European Commission published the Draft Commission Notice on the interpretation and implementation of certain legal provisions of the Disclosures Delegated Act under Article 8 of the EU Taxonomy Regulation on the reporting of Taxonomy-eligible and Taxonomy-aligned economic activities and assets.

This document, still in draft, aims to provide further information on some provisions of Delegated Regulation (EU) 2021/2178, clarifying the representation and calculation methods of KPIs for financial companies.

The document, which concerns the interpretation and implementation of some provisions of Delegated Regulation (EU) 2021/2178, was analysed by Reale Group which, in anticipation of the same completing its legislative path, has decided to report on a voluntary basis the specific KPIs envisaged for credit institutions and for real estate companies relating to the business included in the consolidation perimeter.

Key performance indicators (KPI) of credit institutions – GAR

The GAR is the indicator recently adopted by the EBA in line with the approval of the European Taxonomy which measures the commitment of banks to sustainability and represents a classification of the economic activities considered sustainable as part of the European Green Deal.

At 31 December 2023 Banca Reale has **an indicator of 1.38%** (turnover-based), determined as the ratio between total aligned assets (€ 10.9 million) and total assets (€ 789.8 million).

It is noted that the assets covered by the taxonomy, aligned to the GAR, are entirely constituted by private mortgage loans, the guarantee of which is represented by residential properties in energy class A, B or C (with valid EPC) and with positive physical risk disclosure issued by external info-providers. Banca Reale, as part of the plan to align with the expectations of the Bank of Italy on climate and environmental risks, has begun an analysis for the implementation of new products dedicated to retail customers and to SMEs, meeting the requirements of the green taxonomy, with the aim of improving over time the ratio between “aligned” loans and total assets.

Key performance indicators (KPI) of non-financial undertakings

The KPI referring to the real estate sector provides assessments regarding the vulnerability of properties in terms of exposure to physical risks. The analysis was conducted on Reale Immobili, comparing the alignment values of the company to the total turnover, capital expenditure and operating costs of the Reale Group’s real estate sector.

Proportion of turnover derived from products or services associated with taxonomy-aligned economic activities

At 31 December 2023 Reale Immobili has an indicator of **25.9%**, determined as the ratio between the total turnover of the aligned properties (€ 20.6 million) and the total turnover of the real estate sector (€ 79.6 million).

Proportion of capital expenditure derived from products or services associated with taxonomy-aligned economic activities

At 31 December 2023 Reale Immobili has an indicator of **0.9%**, determined as the ratio between total capital expenditure of aligned properties (€ 0.2 million) and the total capital expenditure of real estate sector (€ 28.2 million).

Proportion of operating costs derived from products or services associated with taxonomy-aligned economic activities

At 31 December 2023 Reale Immobili has an indicator of **19.8%**, determined as the ratio between the total operating costs for aligned properties (€ 3.2 million) and the total operating costs of the real estate sector (€ 16.4 million).

Further information

In anticipation of the progressive increase in the availability of data on the degree of alignment of the economic activities, Reale Group continues the analyses aimed at developing further its monitoring systems of eligibility and alignment with the European Taxonomy of its exposures and its economic activities over the coming years.

The refinement of the methodology is carried out in consideration of regulatory developments and future consolidated market practices.

During 2023, Reale Group implemented its business activities also in light of a profuse commitment to sustainability and will continue on this path to consolidate its strategic positioning in that field, providing increasing support to our customers and to society in which we invest in the transition towards environmentally sustainable solutions.

2.5.7 Significant events occurring after the reporting date

On 12 February 2024, the Supervisory Institute sent to the Parent company a proposed administrative sanction in the amount of € 639 thousand at the conclusion of the sanction process begun by the Institute itself with the deed of dispute ref. no. 0163630-22 of 24 August 2022. That deed alleged that Reale Mutua had not prepared - not even after 1 May 2019 (date of entry into force of IVASS regulation no. 44/2019) and until 21 September 2021 (date of request for supplementary information) - procedures and forms suitable to guarantee full compliance with the requirements on customer due diligence by distributor intermediaries and an adequate system of controls to identify non-compliant procedures and practices.

In anticipation of the examination by the IVASS Director of the defensive arguments submitted by the Company, an adequate Provision for future costs has been allocated in the 2023 Financial Statements.

No further significant events have occurred after the closure of the accounts that could have a significant effect on the information provided in the balance sheet or income statement.

2.6 Business outlook

The business outlook during 2024 is characterised by various elements of uncertainty linked to geopolitical factors: from the evolution of the war between Russia and Ukraine to the destabilisation of the Middle-East scenario consequent to the war in the region, moving on to the numerous political elections that will be held during 2024, including that of the European Parliament and that of the President of the United States.

In relation to the financial markets, after a very positive final quarter of 2023 both for the investment segment and for the bond segment, a more prudent start to the new year has been seen, in anticipation of greater clarity on the stance to be taken by the central banks. Growth and inflation remain crucial in consensus assessments and while, on one side, signs of a drop in prices are increasingly convincing, on the other, a possible more marked than expected slowdown of the global GDP is causing concern among investors. The disinflation process should not encounter any particular obstacles in 2024, both in the United States and in Europe: oil prices appear to be under control, particularly thanks to the increased American production, the recovery of production chains will continue to produce deflationary effects, monetary aggregates are contracting and finally, particularly in the United States, the rebalancing of the labour market is underway.



Central bank policies still remain crucial for countering inflationary dynamics: at the most recent meetings there was a pause in the upward phase, inferring that the majority of the work in the fight against inflation has now been done and that the conditions for easing monetary policies could soon be in place. In these conditions, the market has wagered on a very rapid reduction of reference rates in 2024; however, this situation is exposed to possible fragility if the subsequent inflation figures are not in line with expectations.

The end-of-year context thus bolsters the hypothesis of a soft landing for the economy and reduces the likelihood of a possible resurgence of inflation, which would lead to a new tightening of monetary policy; the likelihood of a scenario of significant weakening of growth due to the delayed effects of the reduction of interest rates also remains low.

The performance of the financial markets during 2024 does not promise to be as positive as it was for 2023 but the context leaves room for optimism both for bonds and for investments, although the variability of the macroeconomic data and the decisions to be taken by the central banks will probably lead to greater market volatility.

With regard to the **Italian insurance sector**, according to the latest available forecasts provided by Prometeia in October 2023, the insurance market is expected to grow in 2024 by 2.8% with a positive contribution in both the Life business (+1.4%) and the Non-Life business (+5.7%), with a 3.7% increase in the Motor segment and 7.1% in the Non-Motor segment.

In relation to the **Spanish market**, the Non-Life segment is expected to grow by 5.9%, driven both by the Non-Motor segments (+6.3%) and by the Motor segments (+4.9%).

With reference to the **Chilean insurance market**, an increase in the Non-Life business is expected (+2.0%), positively influenced both by the Motor segment (+1.8%) and the Non-Motor segment (+2.0%).

In this context, indications regarding Reale Group's **business activities** confirm the projections examined during the Meeting of Delegates of the Parent company on 2 December 2023. The Group's **total premium income** is expected to increase during 2024, both in the Non-Life and the Life businesses.

The evolution of Non-Life income will derive from the positive performance of both the Motor segment and the Non-Motor segment. In particular, the Motor segment is expected to benefit from the gradual recovery of the average premium compared to 2023.

The Life business, expected to grow compared to 2023, will aim to consolidate the separate management income at a level suitable for the Group's financial and equity sustainability levels and will focus on grasping opportunities linked to the financial markets context.

With reference to the **investment activity**, the Group will adopt the usual prudent criteria in determining the types and proportions of the investments.

The operations of Reale Group in the bond sector will continue its approach of paying constant attention to the structure of the portfolio and the diversification of the investments between "core" countries and peripheral countries. The management activity will follow the traditional principles of prudence and diversification of risk, implementing measures for the optimisation of the Strategic Asset Allocation, in order to address the possible evolutions of interest rates.

The investment component and the currency risk will be managed according to the reference markets in order to identify the best investment opportunities with favourable earning prospects over time.

In selecting securities, the traditional considerations of a financial risk/return nature will be combined with an analysis of the factors related to environmental, social and governance sustainability.

In the **real estate sector** the Group expects to undertake the appropriate initiatives to optimise its equity, continuing its development in support of future profitability, the territorial diversification of the portfolio and the satisfaction of new social and environmental requirements.

During 2024, Reale Group's positioning in the field of **"Health"** will be developed: the integration of **welfare** issues into the **insurance core business** will allow for new supply models of services to be developed which will enable the creation of an ecosystem shared between the Group's insurance companies and service companies (**Blue Assistance, InSalute Servizi, Blue Health Center and Pharmercure**), capable of developing historical assets and solutions suitable to meet the growing needs of its Members/Policyholder. Another domain of interest to Reale Group will be the **Living Property** Ecosystem, oriented towards professional and efficient management of the Group's real estate properties, guaranteeing a safe and comfortable environment for all phases of family life.

In the technological field, the project activities will continue in line with the three-year business plan of **Reale Ites**, continuing the goals of integration and delivery of services in favour of the Group Companies.

Reale Group confirms the supporting role of **Banca Reale** in the Group's insurance business. The digitalisation of distribution processes will support the action to develop income and loans to customers, with a view to increasing Bank-Insurance integration.

Furthermore, in 2024, the activity of the sub-holding company **Reale International**, established in October 2023, will begin; it will group together all foreign insurance activities (current and potential) with the aim of achieving the technical, administrative and financial coordination of the aforementioned entities, also through strategic planning and development activities of the investee companies. The aim of the new company is also to develop the business through the study and analysis of new potential foreign investments.

Finally, on 19 February 2024 Reale Mutua finalised the acquisition of a controlling investment of 76.6% in the outstanding share capital (corresponding to 75.5% of the entire share capital) of the Greek Non-Life insurance company Ydrogios. Once three years have passed from the aforementioned finalisation date, the agreement envisages a further acquisition of shares equal to 10.1% of the current outstanding share capital. The operation takes place with the aim of geographical diversification, which the Group has included in its strategic plan, and Greece is a dynamic market, characterised by significant growth and insurance penetration rates still below the European average. It is not merely a question of business affinity, but of common values. The centrality of individuals, integrity, innovation, importance of agents and brokers, the aim of protecting people and the community have been the fundamental values of Reale Group for almost 200 years, just as they are for **Ydrogios**.



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2.7 Auditing

NFD

Pursuant to Art. 25 of ISVAP Regulation no. 7 of 13 July 2007 as amended, the Consolidated Financial Statements at 31 December 2023 have been audited by PricewaterhouseCoopers S.p.A..

In accordance with Art. 3, paragraph 10 of Legislative Decree 254/16 and CONSOB Regulation no. 20267 Reale Group appointed PricewaterhouseCoopers S.p.A. as designated auditor to carry out the limited auditing activities according to the procedures indicated in the "Report of the Independent Auditors - limited assurance engagement", in line with the criteria indicated in ISAE 3000 Revised on NFD.

The related reports are attached to these financial statements.

In relation to assurance activities, the corporate practices involve, generally, their assignment to the same party appointed with the statutory audit, which is chosen from among leading independent auditors on the market based upon a specific procedure defined by the Board of Directors and in line with current legislation.

The auditing duties limited to the consolidated non-financial disclosure were granted to PricewaterhouseCoopers S.p.A. by the Reale Mutua Meeting of Delegates at the meeting on 9 December 2019 for the 2021-2029 nine-year period and subsequently amended, with the resolution of 29 April 2022, during the project to draft the first integrated annual report of Reale Group at 31 December 2021.

These proposals for appointment were analysed by the Company's General Management, the Board of Statutory Auditors, and the Board of Directors, before being submitted for the approval of the Meeting.

The staff of the Independent Auditors was granted, without limitations, access to the accounting entries, other, non-accounting information, and the information on managing profits to conduct their work, without prejudice to the duty of the Directors to make known and available additional documents and/or information necessary and appropriate for the correct conduct of their activities.

The purpose of the appointment is to verify, according to a limited level of assurance, that the same, overall, is prepared in compliance with what is required by Legislative Decree 254/16 and in line with the principles, methodologies, and methods that, according to what is set forth by article 4 of the same decree, the Company has adopted for its preparation and, as a result, to certify that it meets the standards.



3

STAKEHOLDERS AND MATERIALITY

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3.1 Stakeholder engagement

NFD

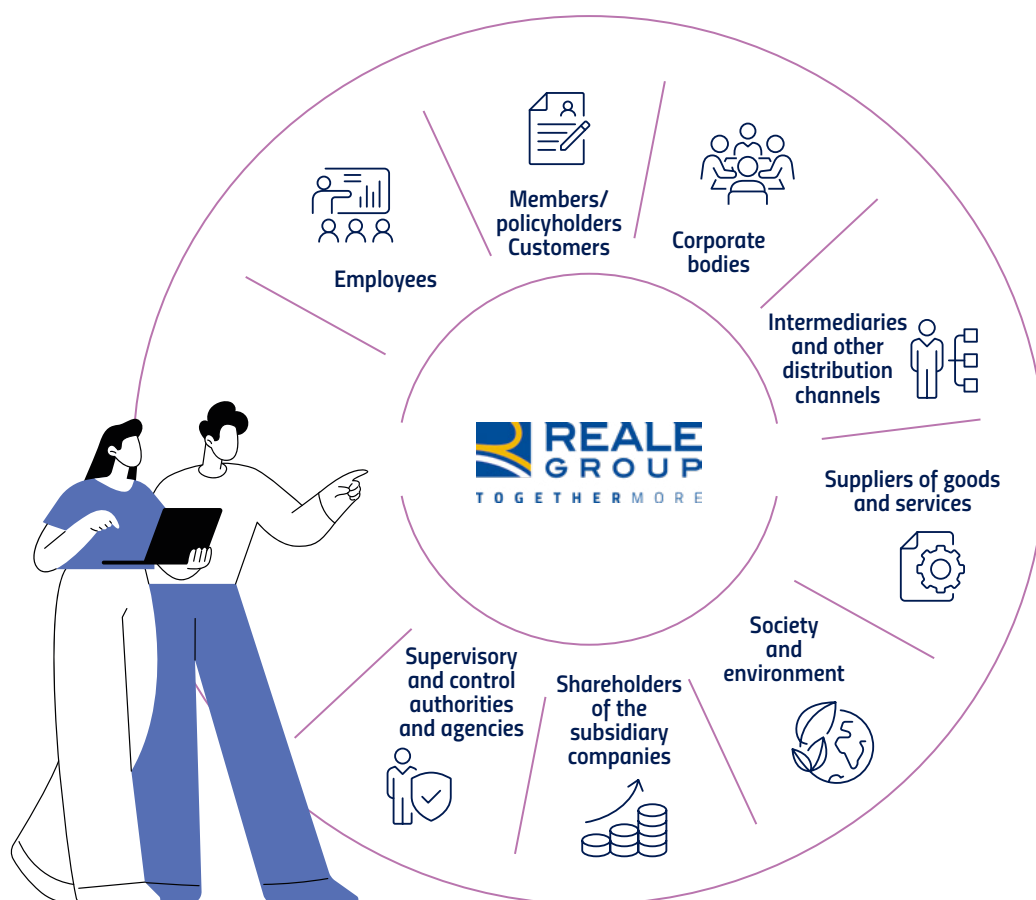
Once again during 2023 Reale Group undertook numerous actions relating to communication and dialogue with its Stakeholders to improve the Group's accountability and to enable the Stakeholders to be actively engaged in the business decisions.

The constant engagement of Stakeholders is part of the Group's integrated approach towards a business conduct that aims to continuously improve the quality of the service offered, improve accessibility and guarantee maximum transparency of information.

Through listening, dialogue and engagement actions, the Group liaises with its stakeholders in a logic of mutual collaboration and responsibility, placing Stakeholders at the centre of the business processes, considering them to be an important strategic element capable of identifying and influencing the "material" topics of the Group itself.

Reale Group has therefore identified the following main categories of Stakeholders, understood as those **"individuals, groups of individuals or bodies that influence or are influenced by the Group, its activities, and by the impact that these generate in economic and financial, social and environmental terms"**.

THE GROUP'S STAKEHOLDERS









The engagement actions are of different types, guided by relationships, goals and the need to inform and communicate, engage, request feedback and manage, where necessary, disputes and conflicts. The results of these activities made it possible to anticipate and manage different kinds of risks (reputational and operational) and to identify significant issues and future trends and implement activities developing actions that create shared value for the organisation and its Stakeholders.





The main actions implemented during the financial year, with reference to the primary Stakeholder involved, are listed below.

Stakeholder listening and engagement actions

STAKEHOLDER	TOOL/CHANNELS
<p>EMPLOYEES</p> 	<ul style="list-style-type: none"> “Really” digital workplace Great Place to Work Training activities Business volunteering activities Group House Organ Onboarding days Employees meeting Team Building activities Press review Periodic surveys and investigations Well-being function Recreational - sporting - cultural activities CRAL Engagement campaigns Project support communication Group Corporate well-being campaigns and initiatives Plenary meetings by management Webinars on current topics
<p>MEMBERS/POLICYHOLDERS-CUSTOMERS</p> 	<ul style="list-style-type: none"> Customer Care Service NPS recording Brand reputation surveys Social networks Website Loyalty programmes Customer satisfaction surveys Customer centricity activity
<p>CORPORATE BODIES</p> 	<ul style="list-style-type: none"> Shareholders’ and board meetings Training and information workshops and seminars Countrywide meetings (“Delegates’ Giro d’Italia”) Press review Periodic letters
<p>BROKERS AND OTHER DISTRIBUTION CHANNELS</p> 	<ul style="list-style-type: none"> Meetings with agent groups, commissions Incentives programme Awareness activity Web point portal Events Training

cont. >>

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STAKEHOLDER	TOOL/CHANNELS
SUPPLIERS OF GOODS AND SERVICES 	Events "Source to Pay" platform Surveys
SOCIETY AND THE ENVIRONMENT 	Media and institutional relationships Social networks Events and partnerships Sponsorships Third sector projects Participation in industry networks
SUBSIDIARY SHAREHOLDERS 	Periodic reports Shareholders' and board meetings Press review
SUPERVISORY AND CONTROL AUTHORITIES 	Participation in institutional and industry events Participation in Commissions Periodic reports



EMPLOYEES

2023 saw the engagement initiatives being strengthened, placing internal storytelling at the service of engagement on Purpose, Vision and Mission, the development of skills, the business and the well-being of the organisation to give an effective contribution to change management projects.

In line with the provisions of the People Strategy, internal communication campaigns also represented a lever of great significance in change processes. Indeed, Reale Group has sought to implement a fully-fledged "narrative ecosystem" in which to be able to act in support of the business and other areas, to ensure that the storytelling and engagement are coherent, precise and offer an active contribution to change management projects.

At the centre of the Group's communication is its digital workplace "Really". The initiatives include the path dedicated to the discovery and knowledge of the Purpose, Vision and Mission, the Ambition Letter, and the Budget Letter.

Employees were also engaged through events, opportunities for meeting, celebration and information, and through sharing of information and business strategies, including the traditional and annual "Employees Meeting" of the Italy Group, carried out online in 2023.

Many topics were addressed, linked to the Group's current situation, and presented to people at different events, also organised in hybrid form, as well as through "video engagement", in which senior management and the project leaders focused on various company projects.

Finally, various Employee listening activities took place through climate and satisfaction surveys, including Great Place to Work, now on its fifth edition, which recorded broad participation of users (84% of respondents).



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MEMBERS/POLICYHOLDERS-CUSTOMERS

Listening and dialogue with Members/Policyholders-Customers were carried out through innovative, digital tools, dedicated to specific targets and aimed not just at informing, but also at actively engaging the addressee and enabling the rapid receipt and management of feedback.

For example, the social network ecosystem proved to be one of the most effective tools for maintaining continuous dialogue and exchange with the Members/Policyholders-Customers; Reale Group is present on the LinkedIn, Facebook and Instagram channels on which it has developed an editorial plan. As well as promoting the brand and business, the plan also involves performing a Customer Care role, in synergy with the Group Complaints Office, providing responses to information requests and/or complaints with a response time of 2 hours from the first contact.

The main initiatives include the improvement processes of customer communication (contractual communications and communications aimed at improving the customer's understanding of the available products or services, the revision of the Customer Care processes, and the revision of the digital touchpoints available for customers (mobile apps/Reserved Area). In terms of retention, ad hoc loyalty and retention programmes have been developed that retained Members/Policyholders-Customers through discounting and customised programmes according to their insurance needs and based on their life cycle.



CORPORATE BODIES

Reale Group attributes to the Corporate Bodies a central role as guarantors of the business progress; in consideration of the complexity of the tasks assigned to them, the Group supports the relationship between the board and management through institutional channels established by the Company's By-laws, promoting training and information sessions, themed meetings, workshops, seminars, and discussion events.

In terms of sustainability, during the year the Group organised training courses with experts and academics in the sector aimed at Directors, Statutory Auditors, and members of Senior Management aimed at growing cross-business skills for improving the understanding and interpretation of the context.

Again with a view to facilitating greater integration of contextual and regulatory elements in strategic and decision-making moments for the business, this year, the members of the Group's Sustainability Committee were involved in activities of identifying significant material aspects and In the materiality analysis.

With the aim of consolidating the importance of an increasingly trained and cohesive corporate structure, involved in the governance of Reale Mutua, during 2023, some "stages" of meetings were organised throughout the whole of Italy between the Chairperson and the Agency Delegates.

In addition, and on a monthly basis, a press review dedicated to all the Delegates of Reale Mutua has been sent. This practice was established to provide Delegates with an additional channel through which to remain continuously informed about what the Group implements.



BROKERS AND OTHER DISTRIBUTION CHANNELS

The "Punto Web" extranet platform is one of the most widely used tools for communication and *engagement* of brokers and the distribution network. In addition to information published on the portal, the Group maintains continuous dialogue with brokers, including through commercial initiatives dedicated to them, training courses, incentives programmes, awareness activities, dedicated events, and webinars.

During 2023, a project was commenced for the revision and update of the platform aimed at broader efficiency, promptness and coherence of useful business content for brokers across the country.

The Training Plan is a fundamental element of the relationship with the distribution network; it has always offered updated and adequate training to the market which requires new delivery methods and continuous feedback.

The Trade Marketing activities manage the communication between the company and the agencies in a coordinated manner, both using information campaigns via email and WhatsApp, as well as by carefully managing the process of updating the dedicated web portals in a timely manner.

In Spain, Reale Seguros cultivates relationships with Agencies characterised by a regional, decentralised model. This model ensures access to their commercial, technical, and service representatives, through regular meetings with Management that facilitate cohesion, and a sense of belonging and a structured communication plan through "Conecta Reale". The latter is a communication platform that contributes to managing information flows.



SUPPLIERS OF GOODS AND SERVICES

The engagement of suppliers occurs via special contacts and through the "Source to Pay" BuyZone platform that, providing a series of integrated modules for managing Vendor, Contracting, Sourcing, and Ordering activities, represented an excellent support in making the whole Group purchasing process more efficient, enabling fast, targeted, and effective interaction.

Reale Group promotes "responsible" management of its supply chain, which is also based on the principles of fairness, respect for roles and sharing the business management principles, undertaking to prioritise those suppliers who responsibly manage environmental and social impacts, who protect the rights of their employees, and who promote those demands among their sub-suppliers as well.

To this end, Reale Group prepared a **Supplier Code of Conduct** some time ago with the aim of sharing Reale Group values along the whole value chain and defining the behavioural standards that suppliers must adopt in managing commercial relationships with the Group itself.

During 2023, the activity of developing an assessment tool of the ESG profile of suppliers with respect to their level of sensitivity and maturity on specific dimensions of sustainability through the administration of questionnaires continued.



SOCIETY AND THE ENVIRONMENT

Reale Group encourages dialogue with the community and regional bodies where it operates with various communication, engagement, and partnership activities that are realised through support and participation activities.

Institutional communication is an important tool for creating and developing relationships with Stakeholders that contribute to strengthening the Reale Group reputation.

Reputation is an aspect that the Group carefully monitors, since it represents a significant indicator of its sustainability and credibility; Reale Group continuously measures the level of Brand Reputation, Brand Image and awareness, carrying out regular surveys among its Stakeholders, in collaboration with the most important sector research centres.

Interactions and relationships with the institutions are also realised through supporting cultural initiatives in partnership with regional bodies to benefit art, music, and those for promoting public health.

Good relations with the press are incentivised and consolidated through continuous interaction and effective and transparent communication, with the goal of growing the Group's credibility, consolidating trust and standing, affirming its values positioning and spreading information on company strategies, promoting its main projects.

Reale Group continuously focuses on monitoring national and international, local and sector press on the web, radio and television, and social media. It produces a daily press review dedicated to internal and external stakeholders which provides punctual information on anything involving and occurring within the organisation and keeps readers informed about the main news of shared interest (domestic and foreign policy, economics, finance, insurance, sustainability, innovation, etc.)



Letters to the Stakeholders

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Governance

Value and asset creation

Appendix

Consolidated accounting schedules

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Impact report

PSI report

Reports of the Independent Auditors



SUBSIDIARY SHAREHOLDERS

Subsidiary Shareholders are regularly informed through institutional documentation stipulated by the applicable legislation.



SUPERVISORY AND CONTROL AUTHORITIES AND AGENCIES

The Supervisory and Control Authorities and Agencies are continuously informed of the Group's activities through the reporting stipulated by the legislation; opportunities for exchange on specific topics are organised upon request and as needed.

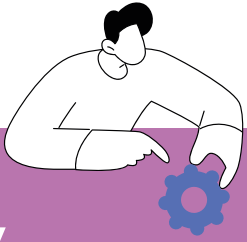
PARTICIPATION IN ASSOCIATIONS - MEMBERSHIP OF INTERNATIONAL NETWORKS



Reale Group actively participates in national and international alliances and associations, in an approach aimed at creating a system in the belief that this is an effective way of grasping precious opportunities through the pooling of information, sharing of visions, and sharing and strengthening of skills in order to facilitate the development and innovation of the insurance, banking and services sector.

As part of sustainability in 2023 Reale Group strengthened its presence, by actively participating in the works of the **Permanent Sustainability Commission** of **ANIA** and in the dedicated working groups in **AMICE** and **Eurapco**; furthermore, the Group promoted and organised national and international meetings at its offices so as to facilitate professional exchange in the industry.

Reale Group has supported since 2018 the **Sustainable Finance Forum** and in 2023 it funded, for the second consecutive year, the "Sustainability in the Italian insurance sector" research, with the aim of analysing ways of including sustainability aspects in the governance and strategies of companies in the insurance sector.



4 Principles for Sustainable Insurance

1 Embed in the decision-making process environmental, social and governance issues relevant to the insurance business.

2 Work together with customers and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.

3 Work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.

4 Demonstrate accountability and transparency in regularly disclosing publicly the progress in implementing the Principles.

An example of a concrete impact generated by the associative participation is represented by a series of four talks for Employees on the topic of female empowerment, held between February and November 2023 through **Value D**, the business association committed to achieving gender balance and an inclusive culture in Italian organisations.

Finally, Reale Group, through its Parent company Reale Mutua, in March 2023 signed the **Principles for Sustainable Insurance (PSI)**, a global framework for the insurance sector to address environmental, social and governance (ESG) risks and opportunities.

PRIZES AND AWARDS

REALE GROUP

Great Place to Work 2023

Reale Mutua

- Top job, Best Employer, German Institute for Quality and Finance, September 2023
- Special mention in the Sustainability Report Award for the Governance section, April 2023
- Sustainability Champions 2023/2024 - German Institute for Quality and Finance, July 2023
- MF Insurance Awards 2023:
 - "Company of value", February 2023
 - "Innovation award/Product service - special mention: agrifood companies, February 2023
- Insurance Connects Awards:
 - Best initiative award in the third sector (with ITAS Mutua)
 - Best initiative award in ecosystems - Agriculture category
- Head and Medmal Insurance Summit 2023, for commitment to the local area in developing culture and business on welfare and health services and personal assistance products - Reale Mutua (Cuorgnè Agency)

Blue Assistance:

- "SALUTE: A.I. E FORMA DIRETTA", February 2023
- Special mention in the "CORPORATE WELFARE, EMPLOYEE BENEFIT" field, February 2023
- MF Insurance awards 2023: "Innovation Award" category
- Insurance Connect Awards 2023: "Phygital – Health" Award
- Best TPA for Quality Standards of Technology Platform, Network and Personal Assistance

Italiana Assicurazioni:

- MF Insurance awards 2023: TOM system evolution, February 2023
- MF Insurance awards 2023: Imprinting project, February 2023
- MF Insurance awards 2023: "Innovation Awards / Cross" category

Reale Seguros:

- "Igualdad en la Empresa" (DIE) recognition
- FORBES España Ranking
- EfrA+ Family Responsible Company Certification



3.2 Materiality analysis

During 2023, Reale Group engaged some Stakeholders in the process of updating the **materiality analysis**, through *web-based* questionnaires administered together with a methodological note aimed at supporting Stakeholders in their assessments.

During 2023 Reale Group involved not only management, but also different categories of both internal stakeholders (representatives of various company departments - therein including the Group Management Committee and the Group Sustainability Committee) and external stakeholders in specific actions aimed at validating, reconsidering and reconfiguring the priorities of material topics, with a broader participation rate than last year, in the period of time in question.

To support Stakeholders in expressing their assessments, analytical *web-based* questionnaires were provided, accompanied by methodological documents including some concrete application examples and assessment scales to consider.

The outcomes of the Stakeholder Engagement activities carried out in 2021 and 2022 which involved, respectively, a significant number of internal and external stakeholders, for the **definition of the material topics** for the Group and the **confirmation of the same** were also promoted, as a starting point for the analysis carried out in 2023.

Reale Group therefore adopted a dynamic approach to Stakeholder Engagement realised through successive engagement processes which facilitated the regular review of the map of partners, along with the strategies, purposes, and goals regarding sustainability defined by Reale Group.

The materiality analysis is an essential tool, both in relation to the non-financial reporting process and for defining and planning the sustainability strategy.

The materiality analysis is part of a broader process that aims to integrate sustainability into the strategic decisions, taking into consideration the expectations expressed by Stakeholders. In sustainability reporting, it is the principle that determines which topics are so significant as to require reporting as: they influence considerably the perception of Stakeholders, and/or they reflect the significant impacts of the company on people and the environment.

In the second half of 2023, Reale Group started work on updating its materiality which led to the prioritisation of the list of material topics recorded in this section.

This activity, in continuity with the previous year, was conducted considering as a reference the current Reporting Standard - GRI 3 "Material Topics" - which recalls the process through which the Group defines its material topics for preparation of the

NFD



Stakeholder Engagement to

- define the material topics
- confirmation of the same

Financial Statements, focusing the analysis on impacts, whether positive or negative, actual or potential, connected to Reale Group's activities, on the economy, people, and the environment. The material topics on which the contents of this document are based are those resulting from the impact materiality.

The **process for determining the materiality analysis** was structured according to the following steps:

- assessment of the context and definition of the "Stakeholder Engagement strategy";
- identification of the impacts, whether actual or potential, to be assessed as part of the topics considered to be potentially material;
- assessment of the significance (importance) of the impacts, according to the defined methodology;
- prioritisation of the most significant impacts and determination of the list of material topics;
- approval of the list of material topics by the Sustainability Committee and ratification by Reale Mutua's Board of Directors.

In implementing the above-mentioned activities, coordinated by Reale Mutua's Sustainability Department, a meeting was set up with the Risk Management Department, which carried out, in parallel, a Risk Assessment on ESG risks at Group level¹.

1. Assessment of the context and definition of the "Stakeholder Engagement strategy"

This phase, aimed at assessing the context and definition of the "Stakeholder Engagement strategy", led to the further extension, compared to the previous year, of the perimeter of included Stakeholders.

For the 2023 materiality analysis, the following were therefore involved:

- the Sustainability Committee (board committee);
- the Group Management Committee;
- a selection of employees, including figures involved in the process of preparing the Integrated Consolidated Finance Statements (and therefore representative of the different company departments);
- a selection of Reale Mutua and Italian agencies, part of a specific training path;
- some suppliers having active relationships with the Group;
- some representatives of the Community and the Third Sector, with which the Group has relationships.

2. Identification of the impacts, whether actual or potential, subject to assessment

This phase, aimed at identifying the actual and potential impacts connected to the Group activities, was conducted considering, in addition to the context in which Reale Group operates, also:

- the contents formalised in documents that form part of the internal regulatory framework;
- the map of ESG risks developed by the Risk Management Department;
- publicly available reports and other guidelines/methodological documents in the ESG field promoted and published by recognised international entities².

Assessments of any additions to make to the list of impacts were also conducted at the outcome of the benchmark analysis in relation to the Group's peers. The impacts thus identified were classified as positive and negative, actual and potential.

¹ The negative impacts identified have been reconciled with the catalogue of ESG Risks developed by the Risk Management Department. The materiality assessment conducted in conjunction with the ESG Risk Assessment activities allowed for synergies relating to the consideration of the same subject of assessment to be exploited (i.e. Negative impacts vs. ESG risks) and for potential inconsistencies in the assessment provided to be avoided.

² Consider, merely by way of example but without limitation, the OECD Guidelines document for Multinational Enterprises, the "Climate Change 2022: Mitigation of Climate Change" Report, the Universal Declaration of Human Rights, other papers promoted by the United Nations, etc.



3. Assessment of the significance of impacts

This step, aimed at assessing the importance of the impacts identified, was conducted with the direct engagement of the Stakeholders selected for the Stakeholder Engagement activities.

The assessment of the significance of impacts was expressed by the Stakeholders through the provision and compilation of a web-based questionnaire, using the Google Forms tool.

The identified impacts were assigned and assessed by the Stakeholders based upon the topics considered to be of greatest interest for the category of reference (also to increase the efficiency of the assessment).

In line with what is set forth by the reference standard, for each impact, the Stakeholders were asked to express an assessment regarding the significance and, only if potential, probability of this happening.

In assessing the significance of the impact, the Stakeholders considered:

- the **size of the impact**, understood as the significance of the negative impact and how advantageous the positive impact could be;
- the **extension of the impact**, or its breadth (in geographic terms or in relation to the parties potentially involved);
- for negative impacts only, **whether they are irreparable**, understood as difficult to repair the damage deriving from the impact or to neutralise the impact itself.

The materiality assessment was expressed using a scale of 1 to 4, where 1 represents the lowest materiality and 4 the highest materiality.

For each potential impact, the Stakeholders also expressed their view on the probability of the impact occurring.

The probability assessment was also expressed using a scale of 1 to 4, where 1 represents a low probability of the impact occurring (the impact may occur rarely or not occur) and 4 a very significant probability for impacts that may occur with a high frequency (the impact may occur frequently).

The assessment scales adopted were borrowed from those used by the Risk Management Department in the ESG Risk Assessment activities conducted.

4. Prioritisation of the most significant impacts and determination of the list of material topics

This step, aimed at determining the list of material topics, was conducted by collecting and analysing, in detail, the assessments expressed by all Stakeholders involved in the process.

The impacts were prioritised by grouping the same into topics.

In order to prioritise the topics thereafter, the impact that was taken into consideration is that to which the highest materiality value was attributed among the impacts considered for each topic.

After identifying the materiality threshold, Reale Group obtained the list of material topics indicated below, highlighting the related main positive and negative, actual and potential impacts.

The connection between Areas of Legislative Decree 254/16, 2023 Material Topics, IIRC Assets and main impacts identified is also reported below:

LEGISLATIVE DECREE 254/16 AREAS	2023 MATERIAL TOPICS	IIRC ASSETS	MAIN IMPACTS IDENTIFIED (POSITIVE AND NEGATIVE)
SOCIAL	Development and enhancement of human capital and Culture of inclusion	HUMAN	<ul style="list-style-type: none"> • Promotion of policies and practices of fairness, inclusion: positive impact linked to the reduction of practices that do not respect diversity and are not projected towards inclusion and social fairness, with particular focus on employees (current and future) • Training of employees (current and future): positive impact in improving levels of training and development with a particular focus on employees (current and future)
	Health, safety and well-being of workers	HUMAN	<ul style="list-style-type: none"> • Corporate welfare: positive impact towards employees (current and future) through actions targeted at the well-being of employees (well-being, company agreements, work-life balance, ...) • Suitable work practices even at suppliers: positive impact on working conditions of suppliers' employees, for example requesting improved working conditions or employees that collaborate in the supply of goods or services • Workplace health and safety: negative impact linked to potential workplace incidents/accidents (including while commuting) caused, for example, by inadequate workplace health and safety training
	Customer centricity	SOCIAL AND RELATIONSHIP	Customer protection, positive impact relating to protection of customers and their freedom of expression, establishing specific channels in which the same can express their opinions and/or lodge complaints
GOVERNANCE	Reputation, ethics, and business integrity	SOCIAL AND RELATIONSHIP	Non-conformity with laws or regulations, negative impact aimed at all stakeholders and the environment in the event of non-conformity with laws or regulations, internal or external, related to environmental protection and physical and mental integrity of people.

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ENVIRONMENT	Direct environmental impacts and climate change	NATURAL	<ul style="list-style-type: none"> Greenhouse gas emissions (GHG) into the atmosphere: negative impact linked to greenhouse gas emissions into the atmosphere relating to the direct conduct of the activity or indirect conduct via the value chain. By way of example: use of fossil fuel vehicles (company car fleet or own car travel), negative impact through the increase in greenhouse gas emissions deriving from the use of company cars (or employees travelling in their own cars).
ENVIRONMENT	Direct environmental impacts and climate change	NATURAL	<ul style="list-style-type: none"> Environmental pollution (atmospheric, noise, water, light, soil): negative impact through the conduct of the production activity, specifically considering the entire value chain (deterioration in the quality of life of communities in which the company is based, reduction of green spaces, ...) Water consumption: negative impact connected to potential water waste, damage to the external environment and to people Waste recycling: positive impact connected to actions targeted at the correct/effective recycling of waste produced, both directly and through the value chain
SOCIAL	Community support and philanthropy	SOCIAL AND RELATIONSHIP	<ul style="list-style-type: none"> Social and economic development of communities: positive impact generated by promoting initiatives of various types aimed at supporting or satisfying specific needs of the same Defence of human rights: positive impact through the promotion of actions aimed at the defence of human rights (e.g. actions to guarantee freedom of association, expression, organisation, etc.)
	Privacy & Cybersecurity	INTELLECTUAL	Right to privacy of employees: negative impact through actions that restrict the right to privacy of employees and harm the right to maintain confidentiality of their personal sphere
	Importance of distribution channels	PRODUCTION	Sales network strategy: positive impact aimed at current and potential customers through the promotion/definition of a strategy for the sales network that guarantees the distinction from competitors (for example, presence of an adequately trained sales network, multi-channel offer to guarantee that different types of customer are reached, ...)
GOVERNANCE	Sustainable products and investments	FINANCIAL	Investments that meet sustainability and environmental/ personal impact criteria: positive impact through the promotion/adoption of investments that meet sustainability criteria

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SOCIAL	Innovation and digital transformation	INTELLECTUAL	Process Evolution and Efficiency: positive impact through the promotion and adoption of actions targeted at the evolution and efficiency of processes (for example, linked to digitalisation aimed at improving access by customers to their insurance position, the possibility of opening claims in real time via apps, the possibility of carrying out remote operations, ...)
GOVERNANCE	Economic performance and creation of sustainable value	FINANCIAL	Responsible management of economic resources: positive impact connected to the adoption of responsible management systems of economic-financial resources of the Company which facilitate the preservation of the business value in favour of stakeholders

With respect to the materiality analysis conducted for the purposes of the 2022 reporting, the topics that were assessed as most material are the topics of social commitment towards some categories of Stakeholders (i.e. Employees, Customers).

After identifying the materiality threshold, the topics were classified as crucial, very material or material based upon their materiality for the Stakeholders involved in the analysis. Two topics relating to the Social area were considered to be crucial topics and earned materiality: "Development and enhancement of human capital and Culture of inclusion" and "Health, safety and well-being of workers" for Stakeholders involved in the analysis (Employees, Senior Management, Corporate Bodies, Agencies, Suppliers and Society) based upon the great importance attributed to the component relating to well-being of workers (i.e. corporate welfare).

The crucial topics also include the "**Customer Centricity**" topic, which demonstrates the centrality of the Member/Policyholder-Customer in the assumption of the Group's strategic decisions.

The topics of "Reputation, ethics and integrity in business", "Direct environmental impacts and climate change" and "Community support and impact philanthropy" are also confirmed to be very material, also in line with the sustainability macro-trends, which see stakeholders increasingly interested in these issues.

With reference to the topic of "Respect for human rights", set forth by Legislative Decree 254/16 and also significantly reiterated by the 2021 GRI Standard, Reale Group, by joining the United Nations Global Compact in 2017, adhered to the related principles, including those concerning Human Rights (support and respect internationally proclaimed human rights in which they are involved, ensuring that they are not, even indirectly, complicit in human rights abuses).

Reale Group, operating in compliance with current laws in markets where it is present with its companies, and having considered its own business, does not identify the risk of failing to respect human rights as material, both with reference to its own people and regarding its own supply chain.

In particular, with reference to the supply chain, the risk of failing to respect human rights is not deemed material, having considered the following aspects:

- types of purchases that the Group makes and the countries where suppliers of the Group companies operate deemed low risk;
- existing control monitoring within the Group Companies (e.g. objective selection and assessment criteria for its suppliers, specific monitoring and control procedures put in place, including to respond to what is set forth in Legislative Decree 231/01 and the Group Code of Ethics, etc.).



Despite this, within its Supplier Code of Conduct, Reale Group has inserted a specific section on respect for human rights by its suppliers and sub-suppliers.

5. Approval of the list of material topics and graphical representation of the material topics by the Reale Mutua Board of Directors

The list of material topics and materiality cited above was approved by the Reale Mutua Board of Directors during the meeting of 1 December 2023.

The materiality of the material topics identified for each relevant Stakeholder for the Group is indicated below:

	Employees	Members/ Policyholders Customers	Corporate bodies	Brokers and other distribution channels	Suppliers of goods and services	Society and environment	Subsidiary shareholders	Supervisory and control authorities and agencies
Reputation, ethics, and business integrity	●	●	●	●	●	●	●	●
Economic performance and creation of sustainable value	○	○	○	○	○	○	○	○
Customer centricity	●	●	●	●	●	●	●	●
Importance of distribution channels	○	○	○	○				
Privacy & Cybersecurity	●	●	●	●	●			
Development and enhancement of human capital and culture of inclusion	○	○	○	○	○	○	○	○
Health, safety, and well-being of workers	●		●	●	●			●
Innovation and digital transformation	○	○	○	○	○	○		
Direct environmental impacts and climate change	●	●	●	●	●	●	●	●
Sustainable products and investments	○	○	○	○				
Community support and impact philanthropy	●	●	●	●	●	●	●	●

DEVELOPMENT OF THE MATERIALITY ANALYSIS

With the goal of further reinforcing its approach to reporting, in light of developments in the reference context, in 2022 Reale Group launched a path of gradual transition towards the framework defined for non-financial reporting at European level by the Corporate Sustainability Reporting Directive³ (CSRD) and by the related standards developed by the European Financial Reporting Advisory Group (EFRAG).

Among the main developments of the EFRAG standards, one significant aspect is represented by the introduction of the concept of “**double materiality**”. According to this concept, the materiality analysis must be conducted including both the prospective Materiality Impact (which provides information regarding the impact of the organisation’s activity on sustainable development), and the prospective Financial Materiality (which represents how environmental, social, and governance issues influence the development, performance, and future cash flows and positioning of an organisation). In this context⁴, Reale Group has decided to continue in the path of gradual transition towards the provisions of the CSRD and related EFRAG standards, **by conducting in 2023 a second “double materiality” exercise**, based upon the publications of the main international standard setters, available at the time the analysis was carried out (not yet in the final version).

That exercise enabled Reale Group to integrate the perspective related to impacts that are or may be generated by the organisation with that relating to risks and opportunities connected to sustainability topics that contribute positively or negatively to the creation and/or conservation of business value in the short, medium or long term.

The aim of this second analysis was to further fine-tune the methodology applied in the past by defining, for each potentially material topic, the related impacts, risks and opportunities (IROs) which were assessed by the relevant Stakeholders.

The relevance and allocation of the identified risks and opportunities were also determined via specific web-based questionnaires.

Specifically, the risks and opportunities were assessed by the Group Management Committee and the Group Sustainability Committee by promoting the active role of senior managers, who are more aware of and experienced in sustainability issues with a potential impact also from a financial perspective.

For each risk/opportunity, the Stakeholders expressed their assessment with respect to magnitude (indicating how much the financial risk or opportunity related to a sustainability issue may affect the company’s cash flows, development, performance, positioning, cost of capital or access to finance in the short, medium or long term) and likelihood, based on a four-level qualitative assessment. The significance of material topics may change and mature over time, based on the needs identified by the changing context and stakeholders’ inputs.

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³ EU Directive 2022/2464. For Reale Group, this Directive will apply as of 1 January 2024 and will cover the Integrated Report which will be published in 2025.

⁴ The current regulatory environment is represented by the ESRS (European Sustainability Reporting Standards - to the extent of “cross cutting standards” and “topical standards”), finally approved by the European Commission and published in the Official Journal of the European Union on 22 December 2023 (see Delegated Regulation 2023/2772). At the time of drafting this document, the final version of the “Implementation Guidance - Materiality Assessment” was not yet available. This will be a major methodological reference for conducting the next Double Materiality Analysis.

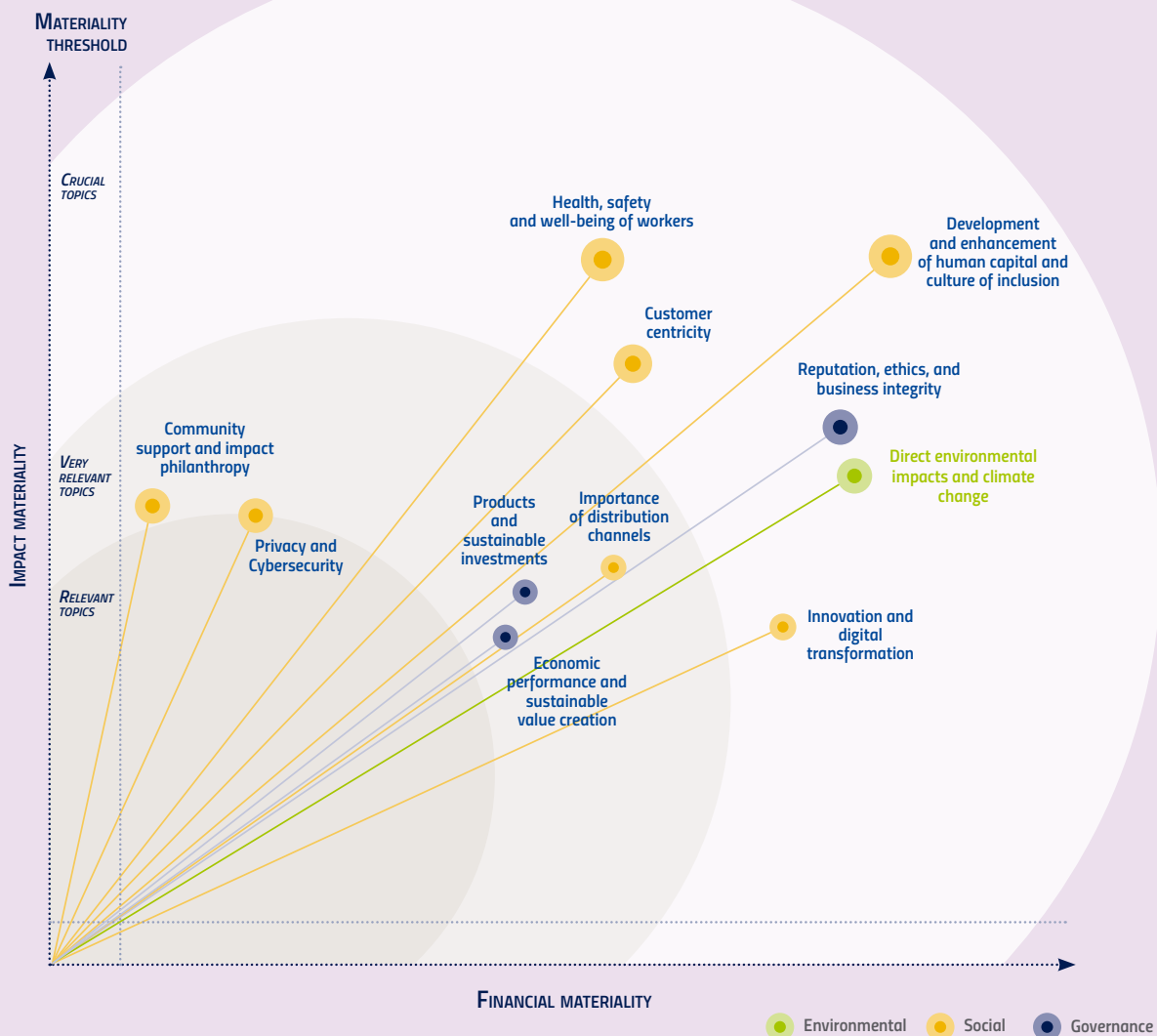


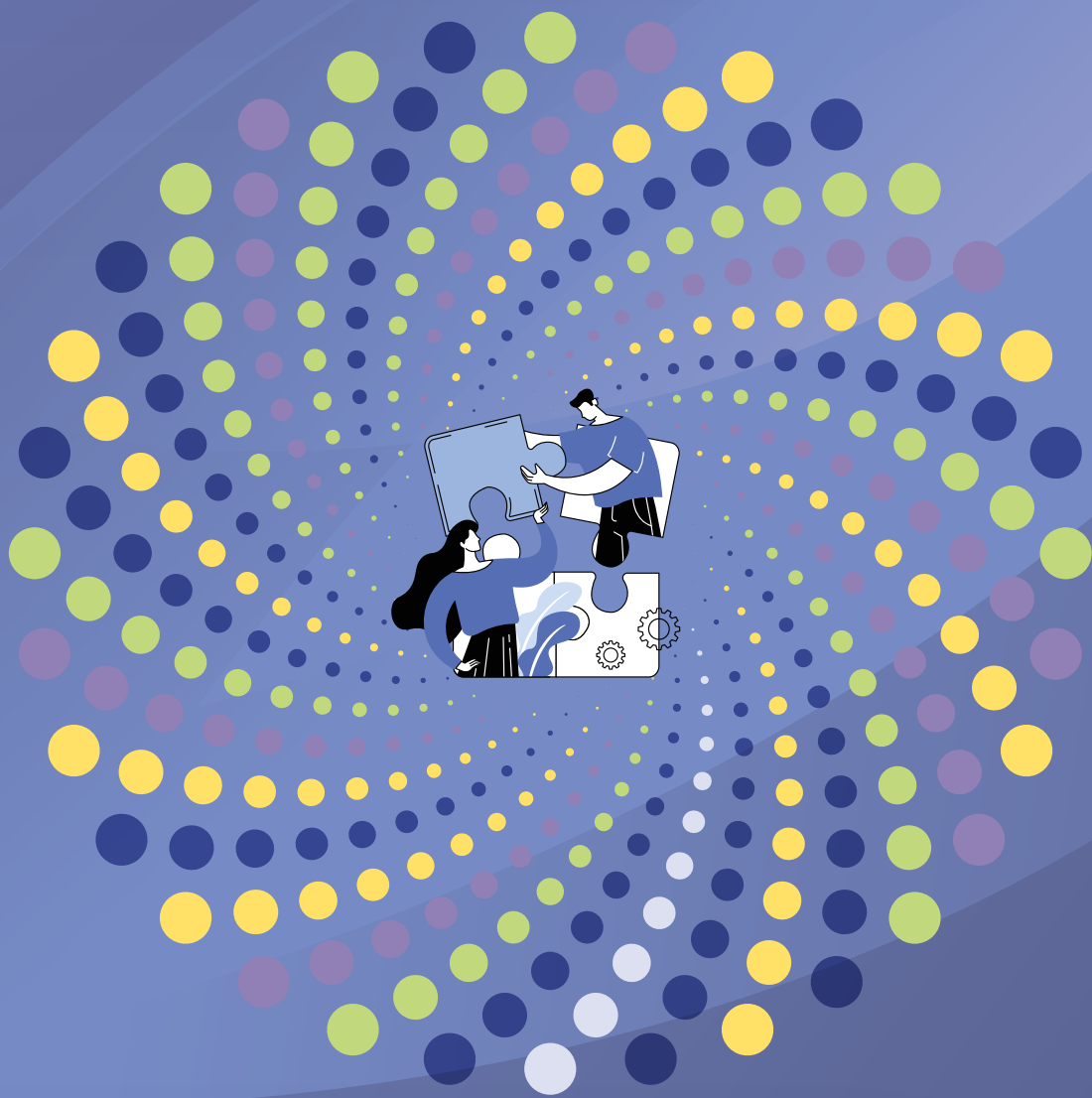
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The expansion of the Stakeholders' boundary in this second year of the journey towards double materiality, the preparation of a more granular and more representative survey covering Impacts, Risks and Opportunities and the methodological fine-tuning of the Guidelines, confirmed the central role played by the topics described below with a different positioning in the graph showing the relevant material topics. Based upon the distribution of topics in the area of materiality, a further 3 areas were identified within it: 6 topics are considered crucial, 4 are very relevant, and 1 relevant.

The analysis described in this paragraph does not contribute to determining the material topics for the purposes of the 2023 NFD and is not subject to assurance by the auditor.

Graphical representation of material topics





4

GOVERNANCE

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4.1 Corporate governance

Corporate governance is Reale Group's system of management, administration and control; it identifies the rules, processes and procedures, at each level, to ensure proper management of the Group in terms of governance and control, and regulates the relationships between the various stakeholders.

In its role as Parent company, and in carrying out management and coordination activities in relation to the Group companies, Reale Mutua adopts measures for implementing provisions issued by the Institute for the Supervision of Insurance (IVASS) and verifies the implementation thereof, in the interest of the stable and efficient management of the Group. The individual Companies operate in compliance with the regulations issued by the Supervisory Authority in the countries and sectors where they carry out their activities (in Italy, Spain, and Chile).

Reale Group has a corporate governance system suitable for its structure and business model, and for the nature, scale and complexity of risks for the Group and the individual subsidiaries and holdings. This enables the Group's sound and prudent management and takes account of the interests of the companies that are part of the Group and of the methods through which these interests contribute to the Group's shared goal in the long term, including in terms of safeguarding assets. This system, suitable for effectively controlling Reale Group's strategic choices overall, as well as the administrative equilibrium of the individual companies, comprises:

- a suitable and transparent organisational structure that supports Group business operations and strategies, as well as procedures and protections that ensure the efficacy and efficiency of corporate processes;
- the definition of Group strategies and policies in line with what is set forth in current legislation;
- formalised coordination and connection procedures, including IT ones, for the different lines of business between the Group companies and the Ultimate Italian Parent Company (USCI), which ensure suitable "bottom-up" and "top-down" information flows;
- the constitution of a suitable structure and organisation for managing risks at a Group level, including via the clear definition of tasks and division of responsibilities between companies and the various units appointed to control. In addition, it comprises the consistent application of internal control mechanisms, thereby including suitable coordination mechanisms that enable, in line with the Group's strategic direction: risk appetite and risk tolerance limits; the achievement of goals that, having considered the different nature of the supervised entity, align with those of the corporate governance system defined by current legislation; as well as the reliability and integrity of accounting and operational data;
- the institution, at a Group level, of core functions;
- the possession of the requirements of professionalism, good repute, and independence by those who perform administrative, management, and control functions for the Group in the USCI, by the managers of the Group's core functions, and by those who perform those functions;
- suitable mechanisms to ensure, at a Group level, that the corporate governance system complies with the provisions of the Private Insurance Code and with the corresponding implementation provisions regarding corporate governance, ensuring the compliance of the Group's activities with current legislation, directives, and procedures, whether of the company or Group;
- mechanisms that enable the USCI to verify: the correspondence of Group companies' action with the guidelines dictated by the same, the consistent application, on the part of individual companies, of the provisions regarding corporate governance applicable to them, as well as effective internal control and risk management systems. To this end, the USCI is proactive so that periodic checks of Group Companies are performed, including via the Internal Audit function thereof, where present.



The Group **Governance Model** stipulates the attribution of specific responsibilities to corporate entities and single-member entities.

The corporate entities include:

- the **Board of Directors** of the USCI, composed of 12 directors including the Chairperson, which has ultimate responsibility for the Group's corporate governance system; it defines the strategic guidelines thereof and ensures their overall coherence;
- the **Board of Statutory Auditors** of the USCI, composed of 3 statutory auditors and 2 substitute ones, with the task of verifying the suitability of the organisational, administrative, and accounting structures adopted by the Group and by the USCI, for the purposes of carrying out the functions assigned to it at a Group level;
- the **Supervisory Board**, composed of 5 members, established in each Group Company pursuant to local laws on administrative/criminal liability of legal entities deriving from offences. The Supervisory Board of the Parent company has coordination functions with similar Boards in other Group companies, while respecting the independence of each of these;
- the **Advisory Committee**, composed of 5 members including the Chairperson, with the powers to instruct, advise, and/or submit proposals, in support of the Board of Directors, for all matters that the law attributes to the Administrative Body and that necessitate investigation;
- the **Requirements Verification Committee for suitability for office**, composed of 5 members including the Chairperson, with the task of verifying the possession of suitability for office requirements (professionalism, honourability, and independence) of those who perform administrative, management, and control functions in the USCI for the Group, of those responsible for essential Group functions, and those who perform these functions, as well as staff able to significantly impact the risk profile identified by current legislation;
- the **Group Internal Control and Risks Committee**, composed of 6 directors including the Chairperson;
- the **Remuneration Committee**, composed of 3 members including the Chairperson;
- the **Group Investment Commission**, composed of 5 members including the Chairperson;
- the **Mutualistic Measures Commission**, composed of 6 members including the Chairperson;
- the **Group Sustainability Committee**, composed of 7 members including the Chairperson;
- the **Actuary and Finance Commission**, composed of 5 members including the Chairperson;
- the **New Technologies, Innovation, and Cybersecurity Commission**, composed of 4 members including the Chairperson;
- the **USCI Senior Management**, made up of the General Manager, the Co-General Manager, and the Deputy General Manager, which has responsibility for the overall implementation, maintenance, and monitoring of the Group corporate governance system (which operates at a corporate level as part of the Group Management Committee);
- the **Group Management Committee**, composed of 10 members including the Chairperson;
- the **Group Transformation Committee**, composed of 8 members.

The Committees and Commissions listed above, each within the scope of its own tasks, report to the Boards of Directors and, where applicable, the USCI and Group companies Senior Management. For the purposes of carrying out their own activities, some of the above-mentioned bodies may make use of the contribution of guidance committees operating to assess them as well.

The single-member entities include:

- the **Chairperson of the Board of Directors** of the USCI;
- the **Managing Director**, the **General Manager**, the **Co-General Manager** and the **Deputy General Manager**, where they exist.

The USCI Board of Directors is composed of a Chairperson and from ten to twelve Directors, all elected during the Meeting of Delegates and possessing the requirements set forth by the Articles of Association and by current legislation, requirements that also include independence (at least a fourth of it must, in fact, be composed of independent Directors).

When considering candidates for the role of Board Member, the current Administrative Body pursued a number of considerations so that professionals that bring to the Board a suitable level of diversification in terms of skills, experiences, age, gender and internationality were assessed among the Delegates.

Among other things, this approach has the goal of encouraging a broadening of points of view and the adoption of participatory, aware, and well considered decisions. The candidates were successively subject to the assessment of the Meeting of Delegates, which votes on their appointment. The Chairperson is not a manager of the Company, has a non-executive role, and does not perform any management function.

THE ROLE OF THE BOARD OF DIRECTORS IN CONTROLLING IMPACT MANAGEMENT

The Benefit Corporation status of the USCI entails that the directors have a specific responsibility: they are obliged to pursue common benefit purposes and the interests of various Stakeholders, in line with what is set forth by the Company By-laws. The failure to fulfil these obligations may constitute the non-fulfilment of the duties of directors, so that what is set forth by the Italian Civil Code in relation to each type of company is applied.

The Board of Directors of the USCI is supported by a Committee established within it called the Sustainability Committee, which helps it with regard to sustainability. At the Group level, this committee promotes the increasing integration of environmental, social, and governance factors into corporate activities aimed at generating positive impacts, where possible, that can be measured and are intentional, in relation to the Stakeholders of the companies belonging to Reale Group and the communities in which these operate, in the medium to long term.

The identification of the sustainability issues and the analysis of significant impacts of the Group's business on the economy, environment, and society occurs via opportunities for exchange and sharing that involve the most significant Stakeholders of the Group (Corporate Bodies, Employees, Members/Policyholders-Customers, insurance brokers, and Suppliers). These are required to express their opinion in relation to the importance of the material topics and the significance of the impacts; the results of these assessments are made available in the documents referred to above and are at the basis of the definition of the significant material topics and the Group's Sustainability Strategy.

DELEGATION OF RESPONSIBILITIES FOR MANAGING IMPACTS

The Board of Directors of the Parent company has appointed an Impact Manager, who is entrusted with the tasks and functions aimed at pursuing the common benefit purposes of the Benefit Corporation, supporting the context analysis to regularly define and verify the purpose of the common benefit.

In the USCI, the appointment of the Impact Manager is held by the manager responsible for the Group's Sustainability Department.

The Impact Manager attends the meetings of the Sustainability Committee on a fixed invitation and, if necessary, reports to the governance body of the USCI regarding the organisation's impacts on the economy, environment, and people.

Even if the appointment of the Impact Manager does not exonerate the directors from responsibilities relating to pursuing the common benefit, the "organisational model" that was implemented in Reale Group provides for suitable support of the same. Such support occurs both under the strategic and operational profiles: by the Sustainability Division of the Group, as well as by external consultants' continuous support of the Impact Manager, through the preparation of an assessment/monitoring and sustainability improvement system.



ROLE OF THE HIGHEST GOVERNANCE BODY IN SUSTAINABILITY REPORTING

The results of activities relating to the area of sustainability are contained:

- **in the Non-Financial Disclosure included in the Integrated Financial Statements** which Reale Group is obliged to prepare being subject to Law no. 254/2016 regarding communication of non-financial information (the NFD);
- **in the Impact Report** (attached to the Statutory Financial Statements of the Parent company), which the USCI prepares in its role as **Benefit Corporation**.

The Board of Directors of the USCI verifies the content of both the above-mentioned documents and expresses their opinion regarding their approval.

CONFLICTS OF INTEREST

No significant transactions and conflicts of interest are reported. In any case, in order to monitor the interests of the directors in transactions they are required to decide on, the Regulations of the Group Company Board stipulate that each Director must give notice to the other Members and to the Board of Statutory Auditors of any interest that, on their own and others' behalf, they have in a specific transaction of the Company. They must specify the nature, terms, origin, and entity thereof. In relation to this, the resolution of the Board must suitably justify the reasons and interest for the Company in the transaction. The disclosure referred to above may be given in the context of the board meeting wherein the transaction is discussed or assessed or, if the Director believes they cannot be present at the above-mentioned meeting, via written communication sent to the Chairperson of the Board and to the Chairperson of the Board of Statutory Auditors, who will read this during the meeting. If what has just been described is not complied with, or in the event of resolutions adopted by the Board with the decisive vote of the Director concerned, the Director is liable for damages deriving to the Company by their action or omission, without prejudice to any other remedy set forth by the law.

ASSESSMENT OF THE PERFORMANCE OF THE HIGHEST GOVERNANCE BODY

In the USCI, there is no process for describing the assessment procedures of the highest governance body in controlling the management of impacts on the economy, environment, and people centred on the characteristics required by the GRI2-18.

TAXATION APPROACH

All Reale Group companies carry out their activities by following the principles of fairness, transparency, honesty, and integrity that, in the taxation area, are satisfied by correctly fulfilling tax obligations and respecting the letter and spirit of the law, aiming for "certainty" in the tax positions adopted.

Therefore, the Group, in relation to the fiscal management of its business activities, undertakes:

- to comply with all laws, regulations, and pertinent tax practices that are applicable in each jurisdiction in which the Group carries out its activity;
- not to use aggressive fiscal planning and tax avoidance schemes;
- to apply a fiscal strategy in line with the Group's general rules, its approach to risk, and its values;
- to use professional standards of risk management for all risks connected with taxation, ensuring that the procedures applied on a case-by-case basis are suitable for this purpose;
- to establish cooperative and transparent relationships with the Tax Authorities in the various jurisdictions where the Group operates. As a result, the Group aims to pursue the following goals:
- effective management of the intrinsic tax "cost" in the corporate business;

- control of tax risk (to protect the Group's reputation);
- guarantee of integrity in managing tax compliance and in determining the Group companies' tax obligations;
- sharing its values, promoting a culture of "tax compliance" and awareness of the tax laws relevant to all corporate levels;
- creation of relationships based upon good faith and transparency with the Tax Authority;
- maximising human resources, developing and strengthening the professional skills of people involved, in any role, in the tax process.

Finally, with a view to continuously improving tax risk mitigation, the Group has, for some time, encouraged the participation in cooperation initiatives between the companies operating in the same sector. Such cooperation includes, for example, the work groups created by ANIA (Italian National Association of Insurance Companies) for discussing the main tax issues that impact the insurance market.

TAX GOVERNANCE, CONTROL AND MANAGEMENT

The Group's Tax Business Service is the function in charge of defining the tax strategy of Reale Group, in coordination with the General Management, the Co-General Management, and the Board of Directors.

It has the task of defining the national and international tax scenarios, as well as implementing appropriate and effective procedures for correctly fulfilling tax obligations and ensuring the Group is correctly taxed.

COUNTRY-BY-COUNTRY REPORTING

In order to provide maximum transparency regarding taxation management methods, Reale Mutua communicates financial, economic, and tax information of the Group companies for each jurisdiction where it operates. Country by country reporting, introduced into the national law with Law no. 208 of 28 December 2015, must be submitted, with reference to each tax period, by the Parent company, resident in the national state. This reporting provides an indication of the Group's activity scope and of the contribution that it brings, through taxes, to the jurisdictions where it operates.

The table below shows some data communicated with reference to the 2022 tax period, as stipulated by Annex 1 of the Ministry of the Economy and Finance Decree of 23/02/2017.

							in millions of euro
Tax jurisdiction	Total revenues (A)	Revenues obtained from intercompany transactions (B)	Profit (loss) before taxes	Income taxes paid (C)	Corporate income tax included in the income statement	Tangible assets (D)	
Italy	4,865.0	344.7	(27.8)	24.7	11.0	89.8	
Spain	918.4	30.9	13.6	1.4	(0.6)	110.8	
Chile	108.8	1.1	2.7	0.1	0.1	1.6	

KEY:

A) "Total revenue": revenue earned as a result of transactions with other Group companies and with other entities;

B) "Revenue from intercompany transactions": revenue earned as a result of transactions with other Group Companies;

C) "Income taxes paid": amount of taxes paid on a cash basis;

D) "Tangible assets": sum of carrying amounts net tangible fixed assets on the Balance Sheet.



4.2 The internal control and risk management system

NFD

Reale Group has an internal control and risk management system that enables Reale Mutua to perform effective controls on the Group's strategic choices and on the technical, operational, and management equilibrium of the individual Group components.

The **Administrative Body** of the Parent company has the ultimate responsibility for the Group's internal control and risk management system, of which it defines the strategic guidelines and ensures the overall consistency thereof. It is subject to specific discussion within the Group policies, approved by the Board of Directors of Reale Mutua, and ratified by the Boards of Directors of the Group companies. Based on the latter, each company then defines its own policies at the individual company level.

The Board is assisted by the **Group's Control and Risks Committee**, as further detailed below, for all issues that concern the Group's internal control and risk management system.

The **Senior Management** of the Parent company is responsible for the overall implementation, maintenance, and monitoring of the Group's internal control and risk management system, in line with the directives of the Administrative Body and in compliance with the roles and tasks attributed to it.

Senior Management is responsible, at a high level, for the decision-making and implementation process for the strategies and is coordinated at a Group level within the **Group Management Committee**. In turn, this committee makes use of the collaboration of the **Group Transformation Committee** and the corporate work groups that, also operating at the Group level, perform research and analysis activities on specific issues.

The **culture of control** and business integrity are promoted by the Boards of Directors and implemented by Senior Management through a set of internal rules and procedures, specific actions and activities undertaken by specially appointed Company bodies. The Group's Internal Control and Risk Management system, as also stipulated by the current legislation, is basically divided into **three levels**:

- **Level one controls**: undertaken by the organisational structures in charge of the activities; they ensure the correct performance of all operations in pursuit of pre-established objectives;
- **Level two controls**: undertaken by the functions/bodies that, independently of those in charge of the activities, have the task of systematically monitoring trends in the various types of risks, operations, and the adequacy of level one controls (e.g. Chief Risk Officer, Risk Management, Compliance, Anti-money laundering, Actuarial function, etc.);
- **Level three controls**: undertaken as part of the Internal Audit activities, aimed at assessing the efficacy and efficiency of the overall internal control system.

The Parent company, as part of the management and coordination activities¹, performs controls on individual companies and the Group as a whole.

In particular, Reale Mutua performs:

- **strategic** controls, over the development of different lines of business in which the Group operates and risks related to them;
- **management** controls, with the aim of ensuring the maintenance of economic and financial equilibrium, both for individual companies and for the Group as a whole;
- **technical and operational** controls, with the aim of assessing the various risk profiles that individual subsidiaries may bring to the Group.

While prioritising regulatory issues and sound, prudent management criteria, the Group's risk management policy cannot ignore the mutualistic nature of the Parent company, which is reflected in the Group itself.

Reale Mutua puts in place a series of mechanisms, including the creation of Group functions and processes, information flows, and audits coordinated between the core functions established within the Parent company and those of the individual companies. All this is implemented to verify the correspondence of Group companies' action, individual companies' consistent application of the provisions regarding corporate governance applicable to them, as well as the effective internal control and risk management systems.

To this end, the Parent company is proactive in ensuring that periodic checks in relation to the Group companies are performed, including via the Internal Audit functions thereof. This formalises and informs the Group companies of the identification, measuring, management and control criteria for all risks and ensures that the control staff at the Group level are independent in relation to the operating functions.

Finally, with the goal of verifying the correspondence of Group companies' action and their consistent application of the provisions regarding corporate governance applicable to them, the Parent company puts in place a series of mechanisms, including: the creation of Group functions and processes, information flows, and audits coordinated among the Group's core functions, established within the USCI² and those individual companies. To this end, the Parent company is proactive in ensuring that periodic checks in relation to the Group companies are performed, including via the Internal Audit functions thereof.

The Board of Directors entrusted the safeguarding and responsibility for the coordination and connection procedures with Group companies, the accounting comparison mechanisms, the reporting procedures for checking intra-group operations, and the measures necessary to ensure the consistency of systems launched in the different Group companies to the Reale Mutua structures. The respective Boards of Directors of the Reale Group companies approved resulting resolutions on adopting the Parent company's indications.

The main body with the functions of informing, making proposals, advising, and performing checks with regard to the internal control and risk management system at a Group level is the **Group Control and Risks Committee**. In particular, this committee assists the Boards of Directors of the Group companies in determining the guidelines for its internal control and risk management system, periodically checking its appropriateness and effective operation, as well as identifying and managing the main corporate risks. The Committee is a corporate body, currently composed of six directors (including the Chairperson), who are non-executive and, in the majority, independent, of the main Group companies, so that each of these has at least one member that is appointed. The Committee's activity scope concerns all the Group companies.

¹ These activities are implemented pursuant to art. 2497 et seq. of the Italian Civil Code

² Ultimate Italian Parent Company (USCI)



Letters to the Stakeholders

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Governance

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Impact report

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Reports of the Independent Auditors

The Group Control and Risks Committee can assist the Boards of Directors of the companies in the activities relating to the internal control and risk management system that, due to their characteristics, necessitate special research, specialisation, and expertise.

During 2023, the Committee met having been convened by the Chairperson 11 times, via video conference.

For the purposes of a better and more effective fulfilment of the tasks and functions attributed to the Committee, the latter may avail itself of the activities of the Group's core and similar functions, established within the Parent company, i.e.:



Internal Audit: this function is responsible for monitoring and appraising the efficacy, efficiency, and adequacy of the internal control system and other aspects of the corporate governance system at a Group level and any upgrading needs. Within this function, there is also the office for the **Administrative Liability of Legal Entities** that operationally assists the Supervisory Boards of the Company, Reale ITES and Reale Chile Seguros. It also provides consultancy and assistance to similar functions of other Group Companies for whatever concerns the liability of the collective entities deriving from offences according to the local legislation of the countries where Reale Group operates;



Chief Risk Officer: this function has the purpose of guaranteeing, within the framework of the internal control system, the overall management of Group risks and the centralised governance and coordination of all issues related to the monitoring of corporate risks. It also ensures consistency in the implementation of the related guidelines defined by the administrative body of the USCI;



Risk Management: this function has a monitoring, supervision, and coordination role for the Group Companies, in order to ensure that the management of current and future risks, with a particular focus on significant ones, is implemented in a consistent and continuous manner;



Actuarial function: this function has the task of coordinating the calculation of technical reserves, ensuring the appropriateness of methodologies, models, and hypotheses behind the calculation of technical reserves, assessing the sufficiency and quality of data used in this calculation, comparing the best estimates with data derived from experience, and formulating opinions on the global underwriting policy and on the appropriateness of reinsurance agreements;



Compliance: this function is entrusted with the task of assessing, at a Group level, whether the organisation and procedures are adequate for preventing the risk of legal or administrative penalties, capital losses, or damage to reputation, as a result of breaches of directly applicable laws, regulations, and European rules or Supervisory Authority measures, or self-regulatory rules. It also prevents the risk deriving from unfavourable changes in the regulatory framework or from case law;



Anti-money laundering: this function has the task of preventing and countering money laundering and terrorist funding activities. To do so, it performs tests and analyses to assess the adequacy of corporate procedures and the efficacy of processes and specific controls, including in relation to their application to the sales network, of the similar functions within the different Companies, if present, which operationally report to those of the Group.

Reale Group is also provided with the following functions:

- **Information Security and Data Protection:** this function is entrusted with the monitoring and management of the information security risk at a Group level, as well as coordination and support of all issues relating to personal data protection;
- **Data Protection Officer:** this role was introduced by the General Data Protection Regulation with the task of informing and providing consultancy on the obligations deriving from the General Data Protection Regulation;
- **Chief Data Officer:** this figure is responsible for defining and implementing the Data Governance Programme, which, by coordinating people, processes, and policies, operating standards and tools, manages the whole data life cycle, in order to ensure reliable, safe, and unambiguous data for the whole Group.

Also, within the internal control and risk management system, each Group Company has its own **Supervisory Board**, equipped with independent powers of initiative and control. This has the task of supervising, as far as regards the liability of the collective entities arising from criminal offences (according to the local legislation of individual countries), the operation and observance of the Organisation, Management and Control Model, as well as its effectiveness and appropriateness in relation to the corporate structure.

In order to harmonise and guarantee the efficacy and consistency of the monitoring and verification activities carried out within the Group, and to ensure greater protection against the risk of committing criminal offences, it was resolved that each individual Supervisory Board would operate by coordinating and maintaining regular contact with the Parent company's corresponding Board.

Finally, in 2022, the **Sustainability Committee**, was set up, an operating body within the Reale Group Parent company with the function of advising, informing, and making proposals regarding sustainability and supporting the Board, including in terms of the obligations involved in obtaining the status of Benefit Corporation, ratified by IVASS in February 2022.

The Committee is composed of 7 directors, including the Chairperson, appointed by the main Group Companies. During 2023, the Committee met, having been convened by the Chairperson, 4 times, by hybrid methods, in the presence of all the members of the Committee, the General Manager of Reale Mutua, the Impact Manager appointed pursuant to Law 208/2015 (paragraph 380), and the Secretary.

4.2.1 Risk management system

The **Risk management system** consists of the strategies, processes, procedures, methodologies, and tools that are used to identify, measure, monitor, record, and manage risks on a continuous basis.

The System aims to keep the risks to which the Group is exposed within an acceptable level. This involves defining the risk appetite and risk tolerance thresholds in line with the objective of safeguarding company assets to guarantee continuity of business, placing special emphasis on the Parent company's identity as a mutual insurer and the resulting protection of policyholders.

The reference framework, formalised in the "Risk management policy" and specific guiding policies for the types of risk defined at a Group level³, takes concrete form through:

- the **definition of criteria for identifying, measuring, managing, reporting on, and controlling corporate risks;**
- the **determination of risk appetite and tolerance levels** (the so-called "Risk Appetite Framework");

³ The Policies are approved by the Parent company and by all companies within the Group's scope.



- the **definition of the risk management system organisational model;**
- the **identification of strategies and policies for assuming, assessing, and managing risks;**
- the **integration of the risk management system with decision-making processes.**

Within the Risk management system, the **risk management process** is defined, which is divided into the following steps:

- **risk identification;**
- **current and future assessment of exposure to risks;**
- **monitoring of exposure to risks;**
- **mitigation of risks.**

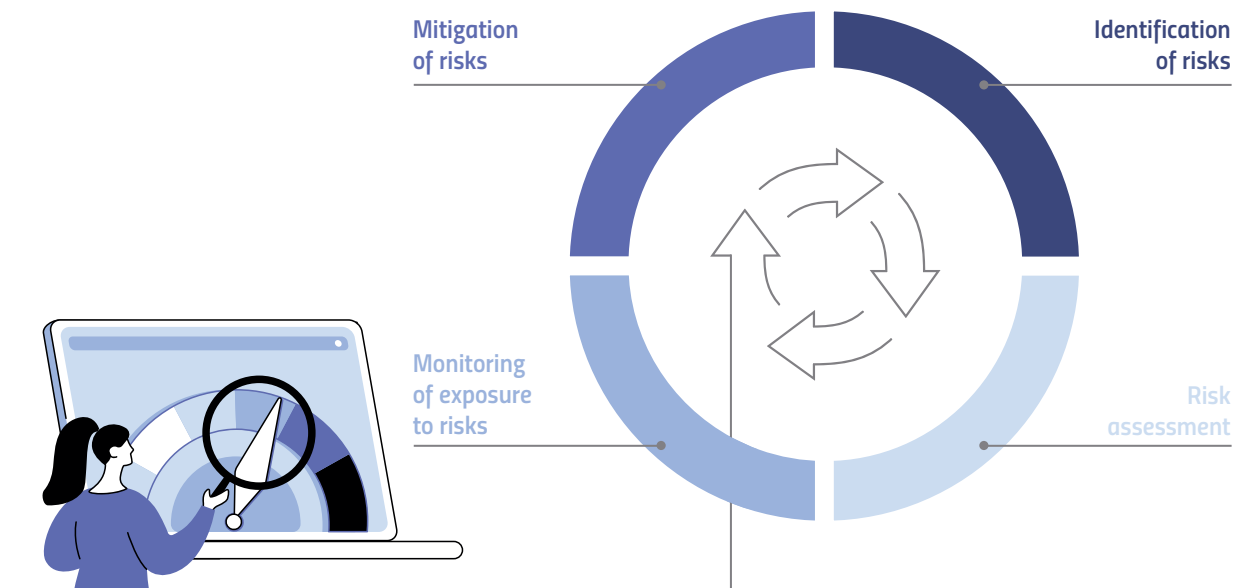


Figure 1: Risk management process

The Risk management system adopted by the Group is inspired by an Enterprise Risk Management (ERM) approach, i.e. it is based on the holistic consideration of all the current and future risks to which the Group is exposed, assessing the impact that these risks may have on achieving strategic goals. To pursue these high-level goals, the approach adopted considers the need to reconcile several demands deriving from the main stakeholders.

In particular, the **Risk management system is designed to reflect:**

- the **requirements for safeguarding assets and reputation;**
- the **security and solvency needs;**
- the **sought-after rating;**
- the **need to diversify risks and ensure sufficient cash flow.**

Behind these principles and in order to pursue the goals assigned, the Risk management system rests on the **Risk Appetite Framework**. In the context of the Risk management system, the Risk Management function supports the Board of Directors, other Corporate Bodies, and Senior Management in assessing the design and efficacy of the Risk management system, highlighting any shortfalls and proposing necessary remedies.

The function is also in charge of identifying, measuring, assessing, and monitoring current and future risks at the individual and aggregate level to which the Group and each individual company are or could be exposed and the corresponding interdependencies. The Group has adopted a “decentralised” organisational model to define the structure of the Risk Management function. This is based on:

- each company having its own Risk Management function that undertakes the relevant activities for that specific company;
- a system of reporting to Group Chief Risk Management Office, which has a coordinating role at the Group level, defining the methodological and operational framework, standardising processes, and developing a harmonised reporting system.

4.2.2 Sustainability risks

Reale Group has integrated sustainability risks into the framework of the Internal Control and risk management system, in line with the broader approach to managing sustainability in the corporate context.

In line with the Group Sustainability strategy defined in 2021, which embraces sustainability cross-sectionally to all corporate areas, during 2023, the projects continued on multiple aspects, such as strengthening the governance of the corporate structures involved in the sustainability risk management process, and refining the methodology of climate scenarios on assets and liabilities. The issues relating to sustainability risks, linked to environmental, social, and governance factors, with particular reference to those deriving from climate change, are of growing concern for insurance operators, due to their nature as long to medium term investors that will, thus, be impacted by changes already underway.

Sustainability risks are, therefore, identified among those that cover the Environmental, Social, and Governance aspects, and associated with the material topics defined in the Group Materiality Analysis. They do not typically constitute an independent risk category, since these risks tend to be connected to the current risk categories identified by the Group's risk map.

In order to assess exposure to sustainability risks, **during 2023, the activities continued to strengthen the sustainability risk management framework undertaken in recent years.** In particular, the following goals have been achieved:

- **Revision of the Catalogue of Sustainability Risks** (hereinafter “Catalogue”) both to take account of regulatory developments in this field and to integrate the risk drivers of each second level risk based upon the outcomes and considerations emerging during the YE2022 assessment. In continuity with the exercise carried out last year, the Catalogue was then the subject of significant analysis wherein qualitative and quantitative information was gathered through ad-hoc interviews with the main departments involved to gather the information necessary to support the decision regarding inclusion (or not) of the risks assessed as being low or not relevant in the previous Risk Assessment cycle.
- **Definition of the Group Sustainability Risk Management Policy** with the aim of identifying guidelines on managing the sustainability risks to which the Group is exposed, outlining methods of analysis, control and measurement, management strategies, roles and responsibilities of the company functions involved.



In particular, for the purposes of correctly identifying and assessing sustainability risks, the Group has adopted the following approach:

- **integration of the bottom-up Risk Assessment:** each Risk Owner expresses their assessment of sustainability risks included in their area of responsibility in an interview, through the assessment:
 - of the frequency of occurrence of the gross risk;
 - of the impact of the gross risk;
 - of existing controls;
 - of the net risk.

The risk being assessed is contextualised through a set of information. Each risk is, furthermore, associated with the material aspect that emerged from the Group Material analysis. The findings of the assessments conducted and the approach adopted are detailed below. This assessment, performed with the collaboration of the Compliance and Sustainability team, makes it possible to:

- assess the impacts, in economic, regulatory, and reputational terms of the sustainability risks identified;
- hold all the functions involved responsible so that, in the future, they take on a more and more active role not only in the risk identification and assessment stages, but also in terms of their management;
- define increasingly effective methods and tools for monitoring and controlling sustainability risks, beginning with the current ones;
- **integration of the Macro Check List (top-down Risk Assessment):** the most significant sustainability risks that emerged from the bottom-up Risk Assessment are included within this tool to better grasp the exposure to such risks, through the assessment performed by the General Managers;
- **integration of quantitative analyses:** the scenario analyses aimed at assessing the exposure to physical risk and transition risk linked to climate change for assets and liabilities in the Group. In the context of climate risks, Reale Group identifies two risk sub-categories the effects of which could influence the stability of the insurance sector:
 - **Physical risks:** represented by **financial impacts of climate** change, including more frequent extreme weather events and gradual climate changes, as well as environmental degradation, namely atmospheric pollution, pollution of the water and soil, water stress, loss of biodiversity and deforestation. It includes, for example, the risk of negative repercussions on the climate deriving from inadequate environmental protection procedures. The Group distinguishes acute physical risks (emerging from particular phenomena, particularly meteorological, such as floods, inundations, fires or heat waves) from chronic physical risks (deriving from more long term climate changes, such as changes of temperature, raising of the sea level, lower availability of water and changes in soils and soil productivity);
 - **Transition risks:** represented by the **financial loss** an entity may incur, directly or indirectly, **due to a process of adjustment to a low carbon emission and more sustainable economy** from the environmental profile.

Reported annually, the findings of the above-mentioned assessments conducted on sustainability risks, including risks linked to climate change, are an integral part of the Group risk reporting system for the Board of Directors and for Senior Management, with reference to the present and future.

In addition, for the purposes of a more complete assessment and management of sustainability risks, Risk Management is involved in the risk opinion process on new products before they are marketed. This occurs via the drafting of a risk schedule that integrates an ad hoc Risk Assessment on the assessment of sustainability risks. In particular, for Life products, the analysis is undertaken with the support of the Finance and Capital Management functions (in order to assess, in advance, the financial components underlying the products) and the Product Development function (in order to assess the impacts of the product's sustainability risks, taking into account the assessment provided by the ALM Finance and Capital Management functions).

With the goal of strengthening the advanced management of sustainability risks, Risk Management further developed a process for defining limits and exclusions in relation to counterparties deemed "unsustainable" begun in 2022. In particular, the analysis was carried out involving the ALM Finance and Capital Management Departments (for strengthening the existing limits and exclusions in the investments area) and the Technical Departments (for the definition of the escalation process structured within the business, strengthening the management already in place).

With a view, again, to integrating sustainability risks into the wider Group risk management process, these risks are also considered in the step for defining the risk assumption and preference limits (definition of the Group's RAF).

FINANCIAL IMPLICATIONS DERIVING FROM SUSTAINABILITY RISKS

With regard to insurance-based investment products or IBIPs, to integrate sustainability risks into the investment processes by assessing the negative effects on sustainability, Risk Management, together with the ALM Finance and Capital Management department, and other departments involved, assesses the sustainability risks linked to investment activities and defines their related disclosure on the website.

Reale Group integrates sustainability into its processes, business goals (and their measurement), investment choices, contents of products and services proposed to customers, and communications with Stakeholders.

With regard to the investment activity of insurance companies, the Group integrates sustainability risks into the decision-making and management process in relation to investments, paying particular attention to aspects related to sustainability also in the selection of securities investments, as formalised in the Policy on sustainable securities investments.

In particular, the Group manages sustainability risks relating to the investment portfolio through sustainability strategies that include exclusion criteria, ESG integration criteria and best in class, as well as impact investing and thematic investments. Furthermore, the Risk Management Department, as part of the activities aimed at assessing the main negative effects on sustainability factors deriving from investment decisions (PAI) contributes to controlling the sustainability risk by defining the levels beyond which to deepen the monitoring of indicators.

In response to the increasing demand from the market, Reale Mutua has added to the products linked to Separate Management, portfolios into which sustainability criteria had already been integrated in the investment process, with the first entirely sustainable and thematic multi-class product, consisting of separate management and a sustainable and thematic unit share line.

OTHER RISKS AND OPPORTUNITIES DERIVING FROM CLIMATE CHANGE

In recent years, Reale Group showed an increase in claims linked to natural events (both in terms of Land Vehicle hail insurance and damage to property/infrastructure) attributable to physical risks, with a consequent worsening of the technical trend in relation to expectations.

The implications deriving from climate change have also impacted Reale Group's reinsurance policies; in recent years, this led the Group to enter into special reinsurance treaties in the fire and Land vehicle businesses. As of April 2020, Reale Mutua



and Italiana Assicurazioni developed a tariff methodology for new Non-life products, in particular applied to the more recent “Globale Fabbriati 2022 edition” (Reale Mutua), “Stabile e Protetto Plus 2022 edition” (Italiana), “Ecologia Reale 2023 edition” (Reale Mutua) products. These consider natural events connected to climate change and remodel the premiums of “natural events” and “electrical phenomenon” guarantees based on a multi-varied analysis that involves a so-called spatial smoothing technique.

This technique has enabled a better understanding and prediction of risks expected in each individual Municipality or Province, compensating for any lack of information through the use of external variables associated with the region. These include meteorological risk indices such as hail, flooding, and heavy rain that cover the whole nation. During 2023, the Company customised the premium share relating to the cover of natural events and electrical phenomena of the Ecologica Reale product and studied a tariff manoeuvre for the AgriReale product aimed at agricultural companies that will be released in 2024 with the same criterion described above.

The goal of this work is to strengthen the regional customisation of the premium, to take into account the different level of risk owing to weather phenomena that are increasingly widespread within our country.

The Climate Change strategic project has also provided useful tools for monitoring the portfolio and claims to address events linked to Climate Change, with the aim of constantly improving the assessment and selection capacity of the quality of the risks assumed. In particular, climatic datamarts (agriculture and non-agriculture) have been created in order to have a single reference point in the company relating to climate data; this datamart will populate an ad hoc dashboard on a risk geo-referencing platform that integrates meteorological and AI information from satellites.

These tools are available to all Group business areas.



Strengthening the personalisation of the premium at local level also through a tariff system based upon “**spatial smoothing**” methodology, which also considers some external variables linked to meteorological risk indicators (hail, flood, severe rain)

BOTTOM-UP RISK ASSESSMENT OF SUSTAINABILITY RISKS

The sustainability risk assessment methodology takes into account the following basic principles:

- the risk is, first of all, analysed gross of the control efficacy assessment, i.e. before the application or in the absence of the same; this assessment is called gross risk;
- the gross risk is the result of the product between frequency of occurrence (how many times the event may occur) and the impact of the event’s occurring (seriousness of its effects);
- the control efficacy assessment/protection methods put in place by each Company within the scope makes it possible to reduce/mitigate the gross risk, so as to define the residual risk, i.e. the net risk;
- each risk is associated with the reference material aspect, the latter defined in the sustainability area. Through the Risk Assessment, in fact, the negative impact generated by the material aspect/s associated with it is assessed;
- each risk may be assessed by several responsible departments/Owners of the risk based on the association of the reference material aspect. The risk assessment will be the result of the average of the assessments of all the responsible departments/Owners of the risk.

For each second-level risk of the Sustainability Risks Catalogue, the department identified as responsible/Owner of this risk, supported by the Group Risk Governance department or the local Risk Management departments, together with the Compliance department, perform the sustainability risk assessment in question via a qualitative process characterised by the following steps:

- assessment of the relative frequency of occurrence with a 10-year time frame;
- assessment of any impact when the risk occurs;
- quantification of the Gross Risk;
- identification and assessment of the efficacy of controls/mitigation actions implemented to mitigate this risk;
- quantification of the Net Risk.

The department identified as Responsible/Owner of the risk in question makes their assessment based on qualitative scales, defined by frequency and impact, whose combination determines the gross risk.

For each second-level risk, the above-mentioned department is called upon to also identify the controls implemented, describe the protection methods, and assess their relative efficacy, according to predefined metrics. The combination of the assessment of gross risk and efficacy of controls determines the assessment of the residual risk, after any control activity, i.e. net risk.

Once the Assessments at the level of individual Companies are complete, the Group Risk Governance department aggregates the results to obtain a complete vision, at the Group level, via the use of the Heatmap.

Within the assessment of the Group's exposure to sustainability risks, for the 2023 Campaign, the assessment of these risks (hereinafter Risk Assessment or RA) takes into account the following scope:



In general, it emerged that, at Group level, despite there being medium, high and very high exposures in terms of gross risks, no particularly high exposures are recorded in terms of net risks, thanks to the presence of controls mainly assessed as adequate or substantially adequate. In particular, in terms of net risk, the assessments proved exclusively at the "low" or "medium" level.

From the assessment undertaken, the most significant risks for the Group (considering the net assessments) were those relating to the Governance dimension. In particular, the most impactful risk was that relating to "lack of corporate ethics and culture" and "lack of consideration of diversity and inclusion". That risk was driven mainly by the Parent company and by the Italian non-insurance companies and is associated with the material topics "Development and enhancement of human capital" and "Culture of inclusion", which mainly concerned the gender gap risks within Senior Management, a lack of support and protection of informers (whistleblowing), discrimination of any kind, and the failure to fulfil the Code of Conduct.

This assessment confirmed the significance of and focus on the topics indicated above, at the Group level, especially by the Parent company(Benefit Corporation). As a result, various initiatives were undertaken, such as training courses with a focus



on prejudices and biases, gender harassment, "Reale Equality" Community (which involves a series of training actions on awareness-raising campaigns, and identification of female potential on which to implement professional development plans, aimed at favouring gender equality). In 2023, as part of the future gender certification, the analysis was commenced to produce an overall Policy which expresses Reale Mutua's strategic orientation in this field. Those initiatives were supplemented by the following: creation of the "gender equality" community, continuously animated by contents with the aim of raising awareness on these aspects; the membership of "Value D", an association of companies that promote issues linked to diversity, such as gender balance and an inclusive culture, with the aim of developing training and informative activities on these themes was confirmed in 2023; creation of a dashboard that measures the inclusion of women in the Group with respect to the business hierarchical scale; the development of KPIs (inclusion impact index with possibility of market benchmarks) which measure the Group's inclusiveness level in Italy.

Among the risks related to the Environmental dimension, the most significant proved to be the Climate Change risk and the Increase of natural disasters, in line with last year, i.e. the risk deriving from climate change with consequent increase in the frequency of natural disasters as a direct consequence of climate change with any losses, whether economic or human. This risk was associated with the following material topics:

- Direct environmental impacts and climate change;
- Sustainable Products and Investments;
- Health, safety, and well-being of workers;
- Importance of distribution channels;
- Community support and Impact philanthropy.

In this regard, focus was given to impacts that natural disasters, increasingly frequent, could have on the business portfolios of the Companies, both in terms of inadequate pricing and greater frequency of claims and in terms of interruption/reduction in product sales due to adverse climate events. The Companies most impacted by this risk proved to be Reale Mutua, Italiana Assicurazioni, Banca Reale and Reale ITES particularly for the insurance and banking companies which are more exposed to these covers compared to the Spanish and Chilean companies, while Reale IRES is exposed to potential impacts deriving from natural disasters on the Group IT infrastructure which could affect business continuity.

In terms of mitigation actions, dedicated analyses (for example, on historical data on claims rate for certain covers at the time of the request for the purposes of determining the rates, as well as various protections to support business continuity, including IT tools) and the definition and update of the Business Continuity Plan were conducted. Although the existing controls continue to be effective, the Group is assessing the integration of other risk mitigation activities given the increase in frequency of natural disasters and their growing magnitude.

In relation to risks relating to the Social dimension, the most significant was confirmed to be the risk of Inefficiency in ensuring employee safety, health, and well-being associated with the material aspects: "Worker Health, safety, and well-being", "Privacy & Cybersecurity", and "Development and enhancement of human capital and Culture of inclusion". It should be noted that this risk recorded a potential impact mainly on the Parent company, on non-insurance Italian Companies, and on the Chilean insurance Company. This was due to possible drop in efficiency owing to the strong decentralisation of the organisational model of work and to the lack of worker health, safety, and well-being guarantees deriving from digitalisation measures and customer orientation of the management model which involve organisational and cultural changes.



For risks other than Sustainability Risks and the related mitigation tools, please refer to what is set out in the Risks Statement within the Notes to the Financial Statements.

NFD

To guard against these risks, several initiatives were launched to update the work management model to the needs that emerged after the pandemic, also deriving from increasing digitalisation, such as, for example, the multi-year “New Ways of Working” project also aimed at reconfiguring workspaces suitable for the new smart working methods.

It should be noted, in addition, that the assessments provided locally by the individual Companies were mainly aligned with the assessments included at the Group level, so that no significant lacks in alignment were found.

4.3 The remuneration and incentives system

In applying current legislation, the Board of Directors of the Reale Mutua Parent company each year defines the **Group Remuneration Policies** in line with the risk management strategies and policies, ensuring that they are suitably calibrated compared to the Group Companies’ characteristics and that they are correctly applied. Reale Group pursues a **balanced development of the business** in its various components.

To this end, the integration of the sustainability principles within the Remuneration policies is a key element for ensuring the link between growth of individual performance and business sustainability.

The application of performance indicators linked to ESG factors, including as defined in the Sustainable Investments Policy, ensures the alignment between what is established in the Remuneration Policy and the integration of sustainability risks into investment choices.

REMUNERATION POLICIES FOR TOP MANAGEMENT AND MANAGERS OF CORE FUNCTIONS

The **Top Management** is identified in line with what is set forth by IVASS Regulation No. 38/2018 and is remunerated via a fixed salary, variable compensation, and benefits.

The staff, largely classified with the role of manager, who assume particular importance within the Group for their influence on corporate risks, are part of this scope. The fixed remuneration is defined according to the role held, responsibility level, commitment connected to the role, and in compliance with the regulations governing employment relationships; the variable remuneration consists of a monetary bonus linked to the achievement of assigned goals.

The goals, which represent the expected performance level, have various time lines in order to incentivise ethical choices and behaviours that prove to be sustainable - in the medium to long term - including via a deferred payment mechanism. Short term (annual) goals are, therefore, defined as well as medium to long term goals (three-year period) to which the payment of the respective incentives is linked.



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The remuneration involves a balancing between the fixed component and the variable one for ensuring stability in performance and greater retention. Limits to the variable component are, therefore, fixed; overall, this component cannot be calculated as more than 60% of the annual gross fixed salary per year.

The goals assigned to the owners of essential and similar departments are exclusively short term ones, qualitative, and connected with the efficacy and quality of the control action exerted. They exclude incentive forms based on economic and financial goals. The weight of the variable component is certainly smaller within the pay-mix and subject to defined quantitative limits.

Access to the incentives system is subject to reaching both a net profit threshold and compliance with suitable financial soundness levels. The latter are aligned with what is set forth in the Risk Appetite Framework.

To complete the remuneration, some benefits awarded in line with the collective agreements and market practices are provided. It is also the right of the Company to award, to select professionals with particularly valuable profiles, bonuses aimed at encouraging their hiring and retention over time.

The consistency of the goals of top management with the strategy of the company to which they belong and with the above is directly controlled and verified by the Board of Directors, having consulted the Remuneration Committee.

There are no clauses or agreement in place in view of the termination of the relationship that regulate ex-ante the economic aspects of the termination itself. The Company has, however, decided to define a limit to any payments (by way of settlement) in these cases.

There are, on the other hand, No-Claim and Clawback clauses in the case of violations, dismissals or fraudulent behaviours by beneficiaries.

REMUNERATION POLICIES FOR REMAINING STAFF

Even staff not classified as Top Managers or Managers of Core Functions, in addition to the fixed remuneration, also participate in a variable remuneration system. The fixed remuneration is defined according to the role held and taking account of market practices, responsibility level, commitment connected to the role, and compliance with the regulations governing employment relationships.

The variable bonus may be disbursed within the MBO (Management By Objectives) system operating for all managers and for some specific roles in relation to the job performed.

As set forth by the Group and Company Remuneration Policies, the implementation of the Incentives Systems is subject to predetermined goals at the Group level and for the individual company of affiliation.

The introduction of the indices linked to sustainability is in line with the Group strategy, within which it performs an important task in terms of guiding business choices. The following indicators have been included for many years, in addition to the **Net Promoter Score** (NPS), which measures the satisfaction of Members-Policyholders-Customers and the **Trust Index** (which measures the satisfaction of employees and the corporate climate), also the **Citizenship** indicator, which measures how actively a company acts in a responsible and active (and proactive) manner in relation to society and whether it has an important role in the public's perception (or reputation level).

In addition, for remaining staff who do not benefit from the MBO system, a performance management system of discretionary nature is in place, based upon the assignment of annual qualitative objectives linked to cover of the role and the assessment of the direct manager.

In addition to the bonuses stipulated by the incentives system, one-off monetary bonuses for achieving goals relating to specific projects in which the staff may be involved or as the result of particularly significant performance may be distributed.

In 2023 Reale Seguros developed a remuneration policy aligned with its mission and its values. It is based on two pillars:

- **internal fairness**, achieved through the economic value attributed by the company to each work position, which is monitored and respected according to tools that guarantee coherence;
- **external competitiveness**: the assessment system of positions used by Reale Seguros is that also adopted by other companies in all sectors of the majority of countries of the world. This means that in defining the responsibilities of the work positions in internal organisations, parameters equivalent to those of large Groups are used. Reale has established that the salary policy for each level of responsibility is positioned within the third quartile (for third quartile, in remuneration, the value that separates the highest 25% of market values from the remaining 75% is considered. It is noted that the remuneration policy is updated annually to identify any changes of those references in order to maintain actual salary competitiveness that contributes to attracting new professionals and valuing those already present.

REMUNERATION POLICIES FOR DIRECTORS AND THE BOARD OF STATUTORY AUDITORS

Remuneration of Parent company Directors

The annual remuneration of Reale Mutua Parent company Directors is approved by its Meeting of Delegates. The amount is calculated as a fixed amount and the fees are adjusted, as a rule, on a three-year basis.

The directors are also paid a fixed bonus linked to their presence at meetings and, possibly, a daily commute allowance, which are also generally calculated on a three-year basis by the Meeting of Delegates.

For the Chairperson, a higher fixed compensation is stipulated, in relation both to the greater responsibilities assigned to them and to the roles held in different Committees/Commissions. The directors who are assigned the roles of Chairperson of the Remuneration Committee, Chairperson of the Group Control and Risks Committee, Chairperson of the Supervisory Board, pursuant to Legislative Decree 231/01, Chairperson of the New Technologies, Innovation, and Cybersecurity Commission, and Chairperson of the Actuary and Finance Commission, are granted a fixed supplementary compensation. This is established by the Board of Directors, on the proposal of the Chairperson and having heard the opinion of the Board of Statutory Auditors. They are also paid a fixed compensation linked to their presence at meetings and, possibly, a daily commute allowance.

All Directors that are part of the Advisory Committee, of the Committee under art.3(3) of the Reale Mutua Regulations of the Board of Directors, of the Group Investments Commission, of the Mutualistic Provisions Commission, of the Group Control and Risks Committee, of the Remuneration Committee, of the New Technologies, Innovation, and Cybersecurity Commission, and of the Actuary and Finance Commission and the Sustainability Committee, are paid a fixed compensation linked to their presence at the meetings and, possibly, a daily commute allowance, which are also determined by the Board of Directors, on the proposal of the Chairperson and having consulted the Board of Statutory Auditors.

Directors are never paid a variable bonus. In addition, supplementary amounts in case of termination are not stipulated for directors.



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Remuneration of the Parent company Board of Statutory Auditors

The annual remuneration of the standing auditors is established by the Meeting of Delegates, on the proposal of the Chairperson of the Board of Directors. This is calculated as a fixed amount. The fees are adjusted, as a rule, on a three-year basis.

For the Chairperson of the Board, there is a fixed supplementary compensation, in relation to the other standing auditors, for the greater responsibilities assigned to them. The substitute auditors are not remunerated.

The Assembly also, possibly, awards the standing auditors a daily commute allowance, which is also adjusted, as a rule, on a three-year basis. The Auditor who is a member of the Supervisory Board, under Legislative Decree 231/01, is granted, for this role, a fixed compensation linked to their presence at meetings and, possibly, a daily commute allowance, which are established by the Board of Directors on the proposal of the Chairperson. Auditors are never paid compensation linked to performance results or based on financial instruments.

REMUNERATION CRITERIA FOR BROKERS AND SUPPLIERS OF OUTSOURCED SERVICES

As far as regards the Group's insurance companies, the remuneration policy for insurance brokers is defined by the companies for whom the brokers lend their services and is consistently founded on the Group's remuneration policy principles, adopting an approach aimed at achieving, for these roles too, compensation and incentives that are consistent with the principles of healthy and prudent management, alignment with the overall strategy through incentivising goals and systems that aim to remunerate the contribution upon achieving the Group's goals, profitability, and the equilibrium of the company concerned in the long term.

The Group Insurance companies adopt, according to a proportional and gradual approach and in consideration of their degree of operational complexity, organisational guards such as policies regarding conflicts of interest and/or guidelines concerning incentivisation with the aim of anticipating conduct contrary to the obligation to conduct oneself with fairness in relation to policyholders. Compliance with the principles set forth by current legislation, in cases of outsourcing essential or important activities, is guaranteed by the "Outsourcing and choice of suppliers" policy.



5

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5.1 Business model

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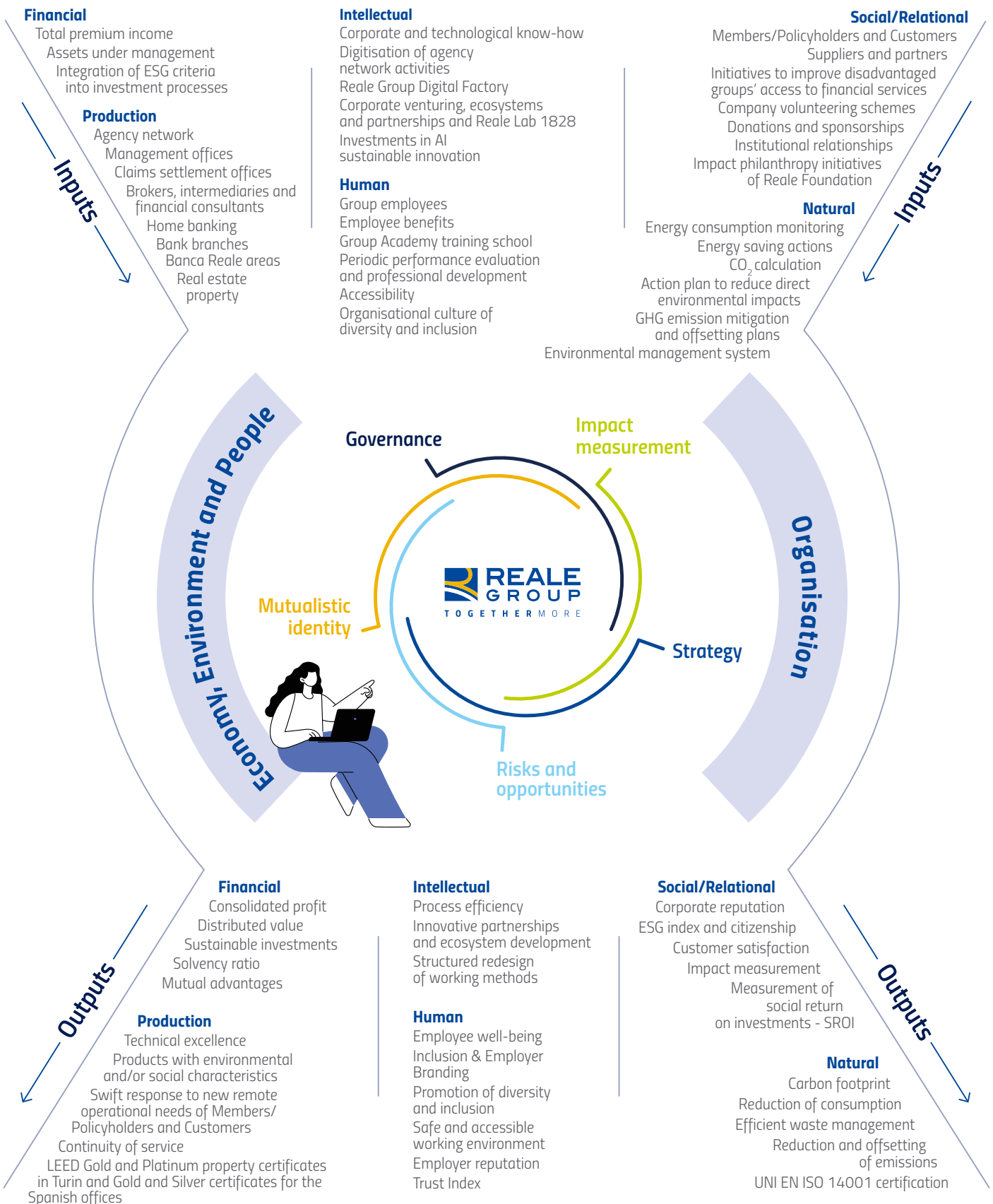
Mutuality and sustainability are the pillars of the **Reale Group Business Model** which give the Group the ability to adapt and respond to challenges in a context that is continuously and suddenly changing.

This Model allows the Group to manage complex and unexpected situations, even in evolving and uncertain circumstances, guaranteeing proper, sound management, growth and renewal of relationships with Stakeholders.

The Model is based upon the professionalism of all the Group's People, defining strategies to facilitate and guarantee the socio-economic well-being of the communities in which it operates, generating intentional, positive and measurable impacts. Moreover, thanks to a robust governance system and the use of innovative technologies, it guarantees operational excellence to serve its Members/Policyholders and Customers, while contributing to the achievement of the Sustainable Development Goals (SDGs) of the UN Agenda 2030.

For this reason, as reported in the methodological notes, Reale Group wanted to adapt to its mutualistic situation the concept of "capital" used by the <IR> Framework (meaning inputs that are transformed through output activities), using the term "Assets" to describe its Business Model.

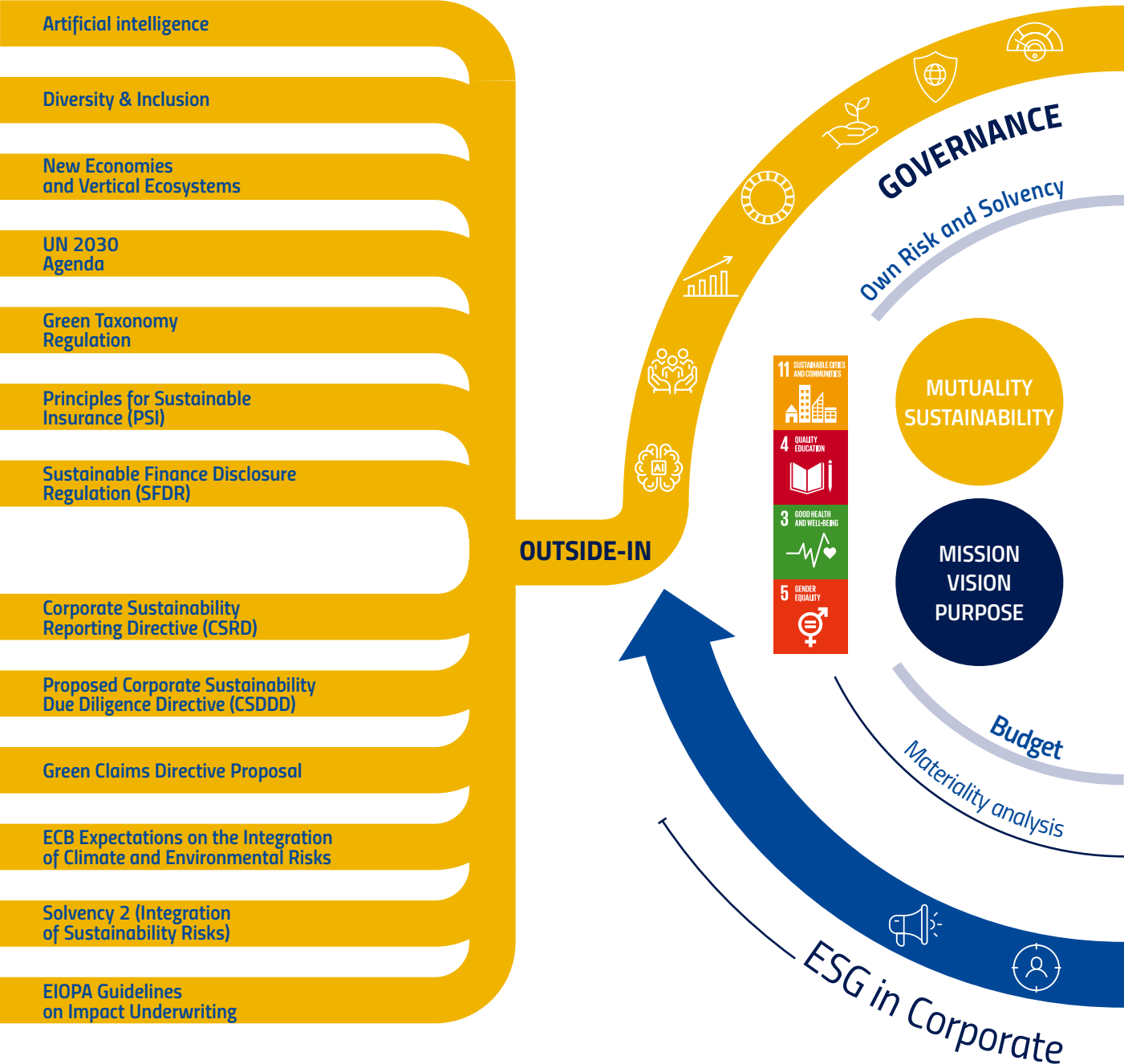
This Model turns input Assets through business processes that create value, in the short, medium and long term, into Outputs, thereby achieving the strategic objectives.



Sustainability model

For Reale Group, sustainability is a key tool to support both the Group's competitiveness and reputation and its profitability. Consequently, sustainability is no longer an addition to strategic and operational activities; indeed, it has become an integral part of its Business Model.

Integration is the key word of Reale Group's Sustainability Model; integrated thinking, in fact, is a holistic way of thinking about business activities, at all stages, from strategic planning to monitoring and reporting.



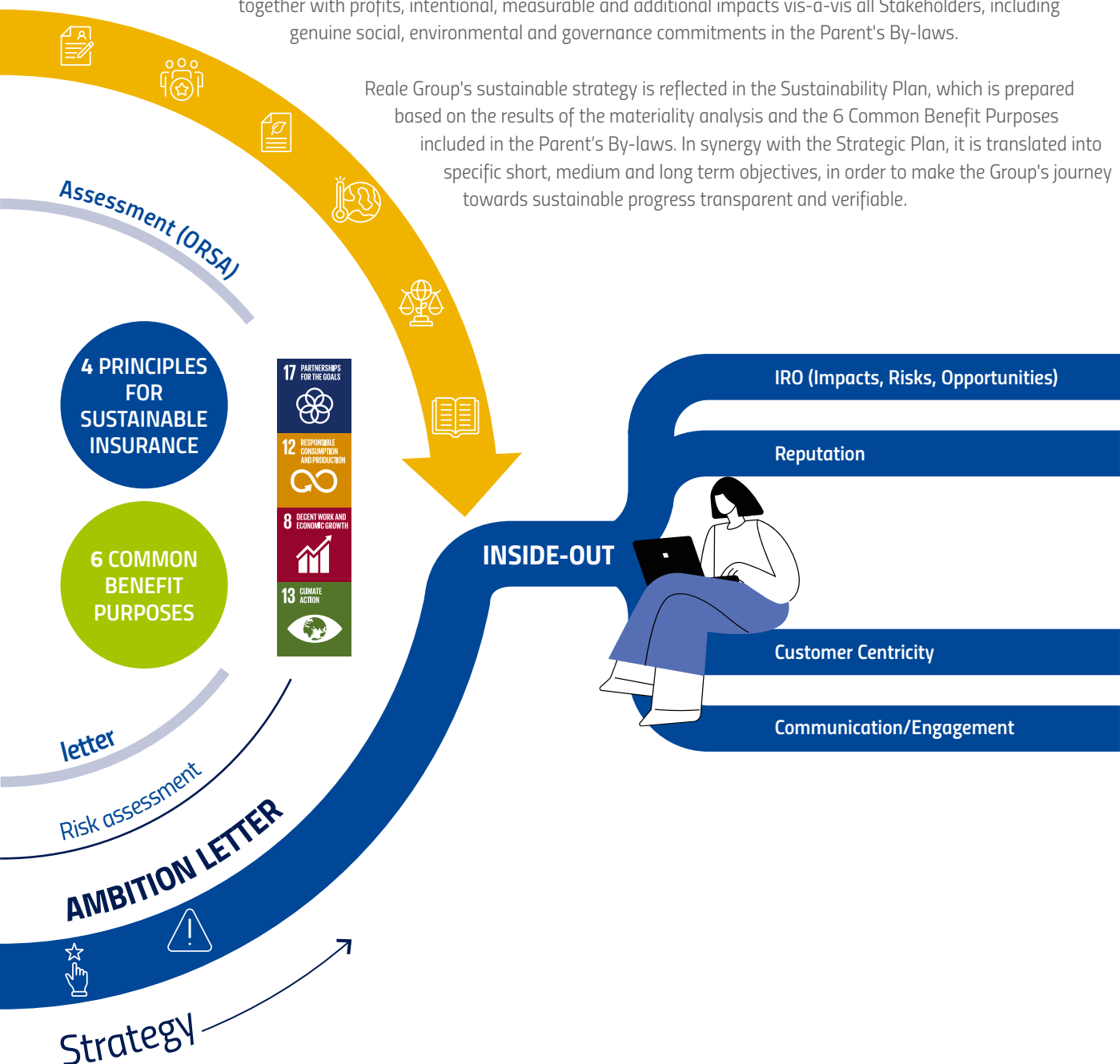


In a context of great acceleration of ESG legislation and given the constantly evolving economic, environmental and social scenario, Reale Group has begun revising its sustainability model in order to fully integrate, in the medium term, the ESG factors in its operations and generate value as a result of the interaction between tangible and intangible capital (output) as well as changes and impacts (outcome) in favour of its Stakeholders and the area in which it operates.

In this respect, Reale Group has also recently made specific commitments in the ESG policy, both by obtaining the status of Benefit Corporation and by joining the United Nations Principles for Sustainable Insurance.

The status of Benefit Corporation clearly confirms Reale Group's determination to move from a more ESG traditional approach, based on voluntary and discretionary actions, towards the intentional pursuit of a benefit purpose aimed at generating, together with profits, intentional, measurable and additional impacts vis-à-vis all Stakeholders, including genuine social, environmental and governance commitments in the Parent's By-laws.

Reale Group's sustainable strategy is reflected in the Sustainability Plan, which is prepared based on the results of the materiality analysis and the 6 Common Benefit Purposes included in the Parent's By-laws. In synergy with the Strategic Plan, it is translated into specific short, medium and long term objectives, in order to make the Group's journey towards sustainable progress transparent and verifiable.



5.2 Our assets

The <IR> Framework published by the International Integrated Reporting Council (IIRC) defines capital as a “source of value on which the success of any organisation depends” and identifies six different types: Financial, Human, Social and Relationship, Manufactured, Intellectual and Natural.

As reported in the Methodological Notes of this document, Reale Group, due to its specific nature as a mutualistic Group, deemed it more appropriate to its nature and the context in which it operates to use the term “Assets”, rather than “Capital”. Therefore, through its Assets, Reale Group performs its activity on the relevant markets while incorporating “integrated and connected” logics into the business decision making processes, in order to provide an overall vision of the organisation in terms of operations, risks and opportunities, and to facilitate sustainable management with a view to creating value over time. Reale Group considers, analyses and monitors the impacts of its activities on all its Assets to create and distribute value and uses various levers to design and strategically orient its actions in order to have a positive influence on their economic, social and environmental transformation.

The document illustrates, in the following sections, how the Assets are used by the Group as inputs for the Business Model and how they can be increased, reduced, or transformed through the activities, outputs and outcomes of the Group Companies.

5.2.1 Financial assets

This section indicates how, through its Financial Assets, Reale Group is able to create and distribute value over time, guaranteeing the Group's stability and solidity.

Information is provided on the economic and financial performance, on investments and sustainable products and on the production of value for Stakeholders and society.

5.2.1.1 Creation and distribution of sustainable economic value

Reale Group's sustainable economic value, reported pursuant to the Global Reporting Initiative's GRI 201 standard, represents the amount of wealth generated by the Group during 2023.

The economic value generated is calculated based upon the consolidated income statement as the sum between the insurance services revenue, the net financial result and the other expenses/income.

The 2023 calculation shows, at consolidated level, an economic value generated equal to € 1,742.8 million, compared with € 1,619.7 million at the end of the previous year.

The equitable distribution of the generated value that the Stakeholders contributed, directly or indirectly, to creating is one of the foundations of the sustainability of the Group's net profit over time.

The distribution of the economic value reveals the following findings: the majority share of the value (46.4%) is received by agents and brokers (€808.7 million), a figure that confirms the central role of the Agency Network in the Group's business model. The share assigned to employees amounts to € 323.7 million (18.6%), a figure that is growing compared to the previous year. € 9.1 million was granted to Members/Policyholders by way of mutuality benefits. The “Business system” includes the result achieved by the Group: for more details reference should be made to what is included in the “Operating performance” section. Thanks to the Group results, the contribution to the Tax Authority, in the form of direct taxes, amounts to € 62.2 million (3.6% of the distributed value).



The below table summarises the data provided above.

GRI 201-1A	(in millions of euro)				
	2023	2022	Change	Composition	
				2023	2022
Members/Policyholders (Mutualistic benefits)	9.1	€ 18.7	-51.3%	0.5%	1.2%
Employees (Labour cost)	323.7	€ 308.1	5.1%	18.6%	19.0%
Tax Authority (Direct taxation)	62.2	€ 27.5	126.2%	3.6%	1.7%
Agents and other intermediaries (Commissions and other acquisition expenses)	808.7	€ 782.3	3.4%	46.4%	48.3%
External collaborators (General costs and expenses)	372.7	€ 362.9	2.7%	21.4%	22.4%
Business system (Profit for the year)	156.9	€ 108.8	44.2%	9.0%	6.7%
Society (Expenses relating to sponsorships and donations/contributions)	9.5	€ 11.4	-16.7%	0.5%	0.7%
Total	1,742.8	€ 1,619.7	7.6%	100.0%	100.0%

5.2.1.2 Sustainable products and investments

Reale Group believes that sustainable finance can contribute to funding sustainable and inclusive growth models and become one of the key factors for maintaining the **sustainable transition** and **economic growth over time**.

Since 1 January 2023, Reale Group has applied, in relation to the management of its portfolios, a new version of the “Policy concerning sustainable investment”, which replaced the one in force since 2020.

In this new version of the document, Reale Group included in the perimeter of reference the Strategic Investments, Venture Capital and, for declared ESG products, also the Life insurance portfolios, the risk of which is borne by the policyholders (Class D), and the bank asset management.

Furthermore, the Group strengthened the existing framework using data and information deriving from use of the provider MSCI, recognised internationally precisely for the robustness of the data and analyses provided.

The Policy concerning sustainable investment envisages various strategies connected to the integration of ESG principles and the selection of investments with an approach aimed at integrating considerations of financial nature with a careful assessment of the investments in terms of their social, environmental and good governance implications, based upon criteria that meet requirements of responsibility and that create positive and measurable social and environmental repercussions.

Exclusions

The Policy defines the exclusion criteria, based upon violations of international or sector-based conventions or controversial activities, to avoid the underwriting of risks associated with aspects of sustainability investing in companies belonging to sectors and countries not considered “sustainable” in the medium to long term.

The exclusions are applied:

● **with a criterion of zero tolerance towards investments in:**

- Companies producing controversial weapons, tobacco and adult entertainment products;
- Companies involved in serious environmental controversies and companies involved in serious breaches of the UN Global Compact;
- Countries that have not ratified the Paris Agreement, Non-Cooperative and High-Risk Countries identified by the FATF and Third Countries confirmed by the European Commission as having strategic deficiencies;

• with a criterion of high restriction towards investments in:

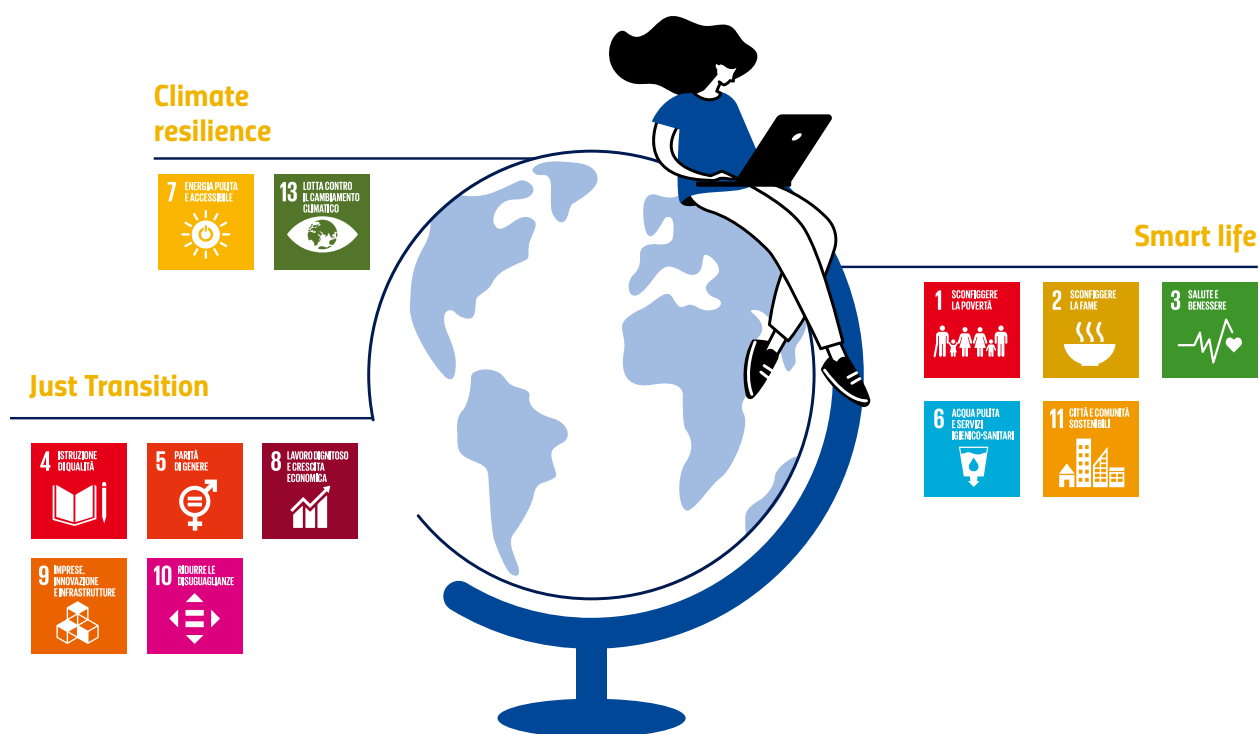
- Companies with emissions from unconventional reserves;
- Companies that produce nuclear weapons;
- Companies that sell tobacco;
- Companies involved in gambling.

ESG Integration Criteria and Best in class

Screening is carried out which allows for an “ESG rating” to be determined for each issuer (using the data provider MSCI) with particular attention being paid to identifying issuers, both government and corporate, that obtain the best ESG scores in the investable universe, both current and prospective;

Impact investing

Investments are made with the declared intention of generating both a financial return and a positive, concrete and measurable social and environmental impact. The tools currently used are green bonds, social bonds, sustainability bonds and transition bonds.



Thematic investing

Three thematic areas have been identified on which to focus investments, direct and indirect, in order to contribute to achieving the SDGs (Sustainability Development Goals) of the United Nations 2030 Agenda, exploiting, according to a sustainability approach, the potential of companies that are likely to have the greatest opportunities for growth in the long term. The strategies envisaged by the Policy concerning sustainable investment are applied to the Group assets while seeking to identify the peculiar aspects of each portfolio.



With regard to the **Proprietary managed portfolios and Class C Life portfolios** the strategies applied are the following:

Direct Investments	Exclusions
	ESG Criteria Integration
	Best in Class
	Impact investing
	Thematic investing: <ul style="list-style-type: none"> ● Climate resilience ● Just Transition ● Smart Life
Indirect Investments	<ul style="list-style-type: none"> ● Articles 8 and 9 SFDR UCITS are favoured ● ESG Integration and Best in class ● Thematic investing

The strategies described apply to the Italian, Spanish and Chilean portfolios, with approximately **87% coverage** of the assets under management of the total managed investment portfolio; the perimeter includes both the Life and the Non-Life businesses.

The ESG rating of the insurance portfolios, calculated using MSCI data, is A. The component of securities defined as “impact investing” amounts to € 1,712 million as at 31 December 2023.

For the portfolio invested in **Strategic Investments** the exclusion strategies are applied, based upon violations of international and sector-based conventions, or controversial activities, to the proprietary managed portfolios and Class C portfolios.

For the portfolio invested in **Venture Capital**, for initiatives carried out commencing from 2023, the exclusion strategies are applied, favouring investments aligned with the macro-themes identified by the Group and in liaison with management for the assessment of the investment impact.

For investments of the **Portfolios of life insurance products whose risk is borne by the policyholders (class D.I)**, in the creation of declared ESG products, the strategies to be pursued are identified from those envisaged by the Policy concerning sustainable investments:

€ 1,712 million
Impact Investing securities

Direct Investments	Exclusions
	ESG Criteria Integration
	Best in Class
	Impact investing
	Thematic investing: <ul style="list-style-type: none"> ● Climate resilience ● Just Transition ● Smart Life
Indirect Investments	<ul style="list-style-type: none"> ● Exclusions: only Articles 8 and 9 SFDR ● ESG Integration and Best in class ● Thematic investing

PAI (Principal Adverse Impacts)

Regulation (EU) 2019/2088 ("SFDR") and Commission Delegated Regulation (EU) 2022/1288 ("SFDR Del. Reg."), as part of the European legislation on sustainable investments, introduced specific obligations on transparency concerning the impact of portfolio investment decisions on sustainability factors at subject level.

The activities undertaken with a view to considering the principal adverse impacts on sustainability factors deriving from investment decisions (hereinafter also **Principal Adverse Impacts – PAI**) formed the subject of public disclosure in the month of June 2023 on the Group website relating to the first "Statement on principal adverse impacts of investment decisions on sustainability factors" (so-called "PAI Statement").

The consideration of PAI involves identifying and prioritising at least 18 mandatory indicators and 2 additional indicators chosen from the 64 envisaged by the regulation.

Furthermore, the regulation requires analysis and monitoring activities to be performed, a financial manoeuvre to be implemented to mitigate the portfolio impact on sustainability factors, and the reporting of KPIs to be published on the website of the Companies subject to the statement by 30 June of each year with the confirmation or indication of new actions to be implemented for the subsequent period.



See the Reale Group website for further details on the PAI statements of the group companies subject to that statement.

www.realegroup.eu/IT/chi-siamo/sostenibilita/disclosure-di-sostenibilita



LIFE INSURANCE PRODUCTS WITH SOCIAL OR ENVIRONMENTAL IMPACT

The funds underlying the insurance investment products sold by the Group Companies were chosen based upon the strategy that aims to integrate ESG principles together with the pursuit of economic gain.

The sustainability features of the insurance-based investment products IBIPs are classified by Regulation (EU) 2019/2088 (SFDR) **into three types**, based on the article of reference:

- **products under art. 6** - financial product that does not promote environmental or social characteristics, or a combination of them, nor has the goal of sustainable investments. The product **is limited to assessing sustainability risks**;
- **products under art. 8** - financial products that **promote environmental or social characteristics, or a combination of these characteristics**, on condition that the companies in which investments are made respect **good governance practices**;
- **products under art. 9** - financial products that **have sustainable investment goals and that aim to pursue sustainability results, at environmental, social and financial level**, for which a reference index has been designated or follows a specific assessment methodology, **or** that the product aims to **reduce carbon emissions**.

The careful management of financial assets, in respect of the Group Policy concerning Sustainable Investments, allows for the IBIP life products of each company with underlying Separate Management as per art. 8 to be classified in conformity with what is established in the SFDR Regulation since they promote, inter alia, environmental or social characteristics, or a combination of them.

The insurance investment products, whose sale was commenced **during 2023, classified as per art. 8 of the SFDR Regulation are listed below**.

"Opportunità Reale Doppia Gestione" and **"Italiana Doppia GS - Limitless"**, launched, respectively, at the start of the year by Reale Mutua and Italiana Assicurazioni. These are two insurance investment solutions with two underlying Separate Managements each.

The second part of the year saw the launch of the products **"Straordinaria Reale"** by Reale Mutua and **"Superboost"** by Italiana Assicurazioni, with 50% of the underlying being a specific fund of assets and 50% the "Reale Uno" and "Prefin Plus" funds with all components classified as per art. 8 pursuant to the SFDR Regulation.

Again during the year, Italiana Assicurazioni launched a revision of the **"Protezione d'impresa PLUS"** product with underlying Separate Management, dedicated to companies intending to protect their business from the risk of loss of key resources.

Furthermore, Reale Mutua launched at the start of the year the multi-class product entirely classified as per art. 8 **"Multipower Reale ESG"** where the underlying Separate Management and the underlying Internal Fund proactively include ESG criteria in their investments, excluding issuers that are not characterised by suitable attention to sustainability factors and favouring issuers that stand out positively in relation to ESG themes and pursue thematic strategies aimed at achieving the United Nations 2030 Agenda.

The Spanish company Reale Vida launched during 2023 the new **"Reale PPA Compromiso"** life insurance product aimed at those wishing to supplement their public pension with a supplementary pension form, whose underlying Separate Management fund follows the Group's Policy concerning Sustainable Investment.

NON-LIFE INSURANCE PRODUCTS AND SERVICES WITH SOCIAL COMPONENTS

As part of the insurance products and services with specific social benefit, reference is made to the following objectives identified by the European Social Taxonomy, although the classification system of activities that contribute to their achievement is still being defined:

- **Dignified work**, which is founded on the four pillars formulated by the International Labour Organisation (ILO): creation of **employment, social protection, employment rights, and social dialogue**.
- **Adequate living standards**, which includes products and services that have the potential to **help people to satisfy fundamental human rights**. The objective refers to consumer protection and the realisation of **economic and social rights**, such as the right to health, food, accommodation and education.
- **Inclusive communities**, which emphasises support for human rights, paying **attention to the impact that businesses can generate in their communities and in society in general**. The sphere of the objective includes land rights and rights of indigenous populations, improvement of accessibility and availability of infrastructures and basic economic services for some vulnerable groups or those that may become such.

With regard to the portfolio premiums (meaning policy premium including accessory expenses net of taxes) of the insurance products with a specific benefit for the social context, broken down by objective referring to the years 2022 and 2023, please refer to the table in the annexed section (autonomous indicator 950 –FS7).

With regard to new offers in the field of insurance products that refer to these objectives, the **“RealmenteInSalute DayByDay”**, a health policy designed for those who rely on the National Health Service for hospital treatment and intended for customers with a medium to low spending profile, has been revised.

The product supplements the National Health Service with a daily allowance for hospitalisation and guarantees the reimbursement or payment of examinations and diagnostic tests if performed at private facilities.

Furthermore, it also offers the possibility of accessing specialist video consultations to manage health issues remotely via the dedicated online platform.

The product is included in the sphere of social sustainability as it supports the achievement of adequate living standards and fundamental human needs, such as access to the right to health, by way of offers and services that overcome the inefficiencies of the National Health Service.

During the same year, Reale Mutua also renewed other offers, such as the medical expenses reimbursement product known as “RealmenteInSalute” to improve its managerial and underwriting aspects, establishing three formulas: “Defined Duration, Whole Life and Target”.

The Defined Duration formula is included in the sphere of social sustainability as it supports Customers in exercising the right to health through the protection of serious diseases. The further new offer concerns the Long Term Care product dedicated to the protection of non-self-sufficiency **“Realmente Sereno”**, in order to make it more competitive.

“Realmente Sereno” is the solution that guarantees whole life cover by providing a monthly life annuity which is deferred if the policyholder’s state of non-self-sufficiency is ascertained. The product guarantees protection in the form of support where self-sufficiency is lost, contributing to maintaining an adequate lifestyle, both for those who become non-self-sufficient and for the caregivers.



During the month of March, Reale Seguros Generales began the sale of **"Reale Contigo Prima Unica"**, a solution dedicated to customers aged over 65 who have not yet taken out a funeral policy and want to obtain peace of mind through complete coverage for the entire service in the event of death, including telephone advice services and psychological telephone support for the heirs.

NON-LIFE INSURANCE PRODUCTS AND SERVICES WITH ENVIRONMENTAL COMPONENTS

In the field of insurance products and services with specific environmental benefits, reference is made to the following environmental objectives identified by Regulation (EU) 2020/852 (European Taxonomy) at its art. 9:

- **Climate change mitigation** which includes all those activities that provide a substantial contribution to reducing or preventing greenhouse gas emissions into the atmosphere. The objective refers to the efforts made in terms of ecological transition, promoting new technologies and renewable energies.
- **Climate change adaptation**, which includes all those activities that provide a substantial contribution to the process of adapting to the current or expected climate and its adverse effects. Such adaptation entails seeking to moderate or avoid damages caused by climate changes, exploiting positive opportunities, making old equipment more efficient or modifying management practices.

With regard to the objective of **climate change mitigation**, in the first quarter of 2023 Reale Mutua renewed the product dedicated to cover of photovoltaic, wind and thermal solar energy production systems known as **"Ecologica Reale"**.

These systems create energy from renewable sources, as an alternative to fossil fuels, contributing to diversifying the energy supply and reducing greenhouse gas emissions along with the dependence on the volatile fossil fuel markets. With the modernisation of product regulations, Reale Mutua continues to provide complete cover from damages that may harm this type of system, both directly and indirectly, generated by the total or partial loss of energy production caused by an incident covered by the policy.

Reale Seguros remains committed to developing high added value products from the environmental perspective, favouring sustainable mobility.

During 2023, the digital native product **"Seguro de Bicicletas – Alquiler Temporal"** was adapted to cover accidental damage and theft of bicycles distributed by a commercial partner, so that the cover could be activated during just the rental of the bicycles. With regard to services, Blue Assistance launched the **Long-Term Rental** service in collaboration with the Reale Mutua and Italiana Assicurazioni Agencies.

This project boasts, among the available vehicles, low environmental impact vehicles of hybrid and electric type (approximately 40%) and will contribute to reducing CO₂ emissions generated by the vehicle fleet, in line with the European objectives of reducing carbon emissions of cars and vans.

Banca Reale has continued in its Ecobonus activities, offering a series of financing products to private individuals and businesses. In effect, during 2023 the sale of the **"YouGo! Imprese Energie Rinnovabili"** product was launched to finance companies and micro-companies wishing to purchase or construct plants producing renewable energy for direct use or energy sales.

At the end of the year, on the other hand, Banca Reale commenced the activities necessary to update the **"YouGo! Finanziamento Condominio"** product, in order to satisfy the new requirements of condominium owners wanting to finance upgrading and energy efficiency works and to address the liquidity requirements of the enterprises performing the interventions.

With regard to the objective of **climate change adaptation**, the Group continued to strengthen its attention to the cover of **catastrophic risks**, such as floods, inundations and earthquakes, and the cover of **atmospheric events** such as wind and hail, given the increasingly different manifestation of climatic events in terms of frequency and severity.

During the year, a structured initiative was commenced to revise the catalogue of products to cover atmospheric events with the aim of providing customers with adequate cover through correct risk modelling. In particular, efforts were made to develop products with requirements aligned to the Environmental Taxonomy (known as taxonomy aligned products).

Pool for Insurance and Reinsurance of Environmental Damages Liability

Reale Mutua and Italiana Assicurazioni are part of the **"Environment Pool"**, offering to their customers insurance cover for environmental damages deriving from civil and environmental liability.

The Environment Pool provides, inter alia, a preventive function in relation to environmental damages, as the Environment Pool performs technical inspections of risks to verify the actual conformity to the rules in force on the matter.

With regard to the portfolio premiums (meaning policy premium including accessory expenses net of taxes) of the insurance products with a specific benefit for the environmental context, relating to the years 2022 and 2023, please refer to the table in the "Annexes" section (autonomous indicator 950 – FS8).

AGRIcoltura100

The "AGRIcoltura100" initiative, a survey established in 2019 to analyse, assess, guide and reward the most sustainable agricultural companies with sponsorship by the Ministry of Agriculture, Food Sovereignty and Forests and the Ministry of the Environment and Energy Security, has continued.

Established from the strategic partnership between Reale Mutua and Confagricoltura, the initiative **promotes the development of production models in step with the times and attentive to people, which value environmental, social and economic sustainability and innovation as engines for growth.**

In 2023 over **3,100 agricultural companies** of all production specialisations, dimensions and regions participated by responding to the survey, approximately +70% compared to the first edition published in 2020, obtaining excellent results in terms of geographical and sectoral representation and communication impacts.

The survey revealed that, despite the agricultural sector having been negatively affected by the energy crisis and the increase in costs, the sustainability ratio in the agricultural field continues its trajectory of growth: **the enterprises with a high and very high level of sustainability increased** from 48.8% in 2020 to 55.3% in 2023.

The growth is cross-sectional for the various agricultural supply chains and concerns - albeit at different levels - all regions, segments and business dimensions.

The research also revealed a significant correlation between sustainability and business results: **the most sustainable enterprises** are also those that achieve **the best productivity and profitability results.**



HUBFARM

Hubfarm was established in late 2021 by the collaboration between Reale Mutua, Confagricoltura and Microsoft. At the centre of the project is a digital platform, the engine system, which aggregates farms with developers, research world, technological incubators, most advanced agro-industry, technological partners and players of the highest level.

Hubfarm is an important step towards achieving **efficient and ecologically sustainable agriculture**, helping companies to build their own competitive advantage on the market, by transferring to them the best available technologies. Through Hubfarm **farms can access useful information and tools for crop planning, harvest management, data analysis and product traceability**.

With regard to the evolution of the offer, work is being done to create innovative digital services facilitated by the platform, based upon the Internet of Things (IoT) and Big Data as sources. These data may form the basis of analyses aimed at providing information with high added value for farms in the field of irrigation, field management, precision agriculture, logistics, and crop protection, all practices in line with the efficient use of resources and reduction of waste.

5.2.2 Human assets

Reale Group's Human assets are constituted by women and men who operate, in various ways, with pride and passion in the Group. The promotion of their well-being, developing their specific skills, potential and talent, are essential elements for the growth and success of the organisation itself.

The Group employs People who share the values, principles and purposes of the business. It encourages team spirit, collaboration and innovation, creating a stimulating, open and inclusive working environment.

Always close to local communities and attentive to Human assets, Reale Group promotes a work-life balance, the improvement of the quality of the working environment and the recognition of diversities within the company.

All People are the **reference point for the success** of Reale Group, as they contribute to achieving the strategic and business objectives, guaranteeing the long-term growth and security of a company that has been present on the market for over 195 years.

For those reasons, throughout 2023, the Group has **taken care of the well-being**, development, skills, engagement, listening, new ways of working and work-life balance of this "precious" component of our present and of our future; this has been a commitment pursued with great determination, sustained by the desire to create **a positive impact on the lives of everyone**, internally and externally to the company.



Agri100

3,100

Farms involved

+70%
vs. 2020

80

Projects

4

Topics



Well-being



Attraction & Retention



Smart Organisation



People & Culture

The “guiding” document for these matters is the **People Strategy** (please refer to chapter 2.2.4 Strategy) which encompasses the business strategies, HR activities and Business Plan programmes. The 2023 edition was developed by the various HR managers in Italy, Spain, and Chile and by the International Division.

Approximately eighty projects are envisaged, split into four closely linked topics, from Well-being, to Attraction-Retention, and from Smart Organisation to the topic of People&Culture.

Each topic has an owner of reference and was managed by a team comprised of one colleague for each country.

The 2023 working model was that of the **business case** which indicated, for each initiative, the objectives, costs, budget and KPIs of reference for measuring the performances and above all the concrete impacts in the organisation.

The document was updated with an “agile” process and in continuum, involving frequent meetings during the year, to guide the decisions and plans based upon evolutions internal and external to the organisation.

Once developed, the 2023 People Strategy was approved by General Management only then to be presented to all Members of the Group Management Committee. There have been many occasions on which it has been communicated to the entire company population, starting with the meetings with all Group managers, continuing with the meetings with the middle managers and with all colleagues at the Employees Meetings.

Finally, it was published on the digital workplace Really, in a section dedicated to the Group’s Budget Letter: updates can be consulted in this section and further information can be requested, questions can be submitted and accompanying information is available for the Group team leaders to use in order to organise specific meetings with their collaborators.



GRI 2-7A Information on employees and other workers

GRI 2-7A	2023				2022			
	Women	Men	Other (gender as specified by the employees themselves)	Total	Women	Men	Other (gender as specified by the employees themselves)	Total
Total contract employees	1,959	2,117	0	4,076	1,920	2,091	0	4,011
Permanent	1,949	2,105	0	4,054	1,901	2,083	0	3,984
Temporary	10	12	0	22	19	8	0	27
Non-guaranteed hours (on-call, occasional)	0	0	0	0	0	0	0	0
Total full-time + part-time employees	1,959	2,117	0	4,076	1,920	2,091	0	4,011
Full-time	1,759	2,104	0	3,863	1,724	2,078	0	3,802
Part-time	200	13	0	213	196	13	0	209

The data stated are based on the headcount criteria and refer to the data available as of 31/12/2023. All significant activities are carried out by employees.

The information included in the table is based on data provided by the HR IT app. The Diversity and Inclusion policies implemented in the Group companies are reflected in an increase of female staff members on the payroll.

GRI 2-7A Information on employees and other workers (ITALY)

GRI 2-7A	2023				2022			
	Women	Men	Other (gender as specified by the employees themselves)	Total	Women	Men	Other (gender as specified by the employees themselves)	Total
Total contract employees	1,252	1,387	0	2,639	1,216	1,373	0	2,589
Permanent	1,249	1,384	0	2,633	1,213	1,370	0	2,583
Temporary	3	3	0	6	3	3	0	6
Non-guaranteed hours (on-call, occasional)	0	0	0	0	0	0	0	0
Total full-time + part-time employees	1,252	1,387	0	2,639	1,216	1,373	0	2,589
Full-time	1,053	1,375	0	2,428	1,021	1,361	0	2,382
Part-time	199	12	0	211	195	12	0	207

GRI 2-7A Information on employees and other workers (SPAIN)

GRI 2-7A	2023				2022			
	Women	Men	Other (gender as specified by the employees themselves)	Total	Women	Men	Other (gender as specified by the employees themselves)	Total
Total contract employees	555	551	0	1,106	550	552	0	1,102
Permanent	549	545	0	1,094	535	548	0	1,083
Temporary	6	6	0	12	15	4	0	19
Non-guaranteed hours (on-call, occasional)	0	0	0	0	0	0	0	0
Total full-time + part-time employees	555	551	0	1,106	550	552	0	1,102
Full-time	554	550	0	1,104	549	551	0	1,100
Part-time	1	1	0	2	1	1	0	2

GRI 2-7A Information on employees and other workers (CHILE)

GRI 2-7A	2023				2022			
	Women	Men	Other (gender as specified by the employees themselves)	Total	Women	Men	Other (gender as specified by the employees themselves)	Total
Total contract employees	152	179	0	331	154	166	0	320
Permanent	151	176	0	327	153	165	0	318
Temporary	1	3	0	4	1	1	0	2
Non-guaranteed hours (on-call, occasional)	0	0	0	0	0	0	0	0
Total full-time + part-time employees	152	179	0	331	154	166	0	320
Full-time	152	179	0	331	154	166	0	320
Part-time	0	0	0	0	0	0	0	0



GRI 2-8 Workers who are not employees

GRI 2-8	2023	2022
Total number of workers who are not employees and whose work is controlled by the organisation	372	362
Describe the most common types of worker and their contractual relationship with the organisation	The figure includes agency workers.	The figure includes agency workers.
Describe the type of work performed irrespective of whether they perform a significant part of the organisation's activities	The information is not reported for confidentiality reasons since it is business-sensitive.	The information is not reported for confidentiality reasons since it is business-sensitive.
Indicate whether the data are stated based on a head count, full-time equivalent (FTE), or using another methodology	THE head count criterion was used.	THE head count criterion was used.
Indicate whether the data were reported at the end of the reporting period, as an average across the reporting period, or using another methodology	THE figure as at 31.12.2023 was reported.	THE figure as at 31.12.2022 was reported.
Describe significant fluctuations in the number of employees during the reference period and between reporting periods	<p>In Reale Mutua and Italiana there has been a reduction of the agency workforce in Italy due to contract stabilisation through recruitments to the pay roll, resignations, and termination of some existing contracts.</p> <p>In Blue Assistance there has been an increase in agency contracts linked to the growth in volumes due to summer peaks and new job orders.</p>	<p>During 2022, the most significant fluctuations, both incoming and outgoing, were identified in the Italian and Chilean companies, where agency workers are mostly present.</p> <p>These fluctuations are mainly linked to business strengthening, internal turnover rate, and stabilisations in the payroll.</p>

5.2.2.1 Development and enhancement of human assets and culture of inclusion

The management and enhancement of human assets played a key role in the Group's People Strategy during 2023, focusing, in particular, on crucial aspects such as recruiting/retention, soft skills, people development, relationship quality, internationalisation, etc.; all topics closely related to the paths of change that Reale Group is now facing.



In **Italy** people with IT skills and high level technical expertise were sourced and hired, identified as being essential to support the ongoing projects.

At the same time, to facilitate the alignment of newly recruited employees with the values expressed in the Purpose, Vision and Mission, a structured **OnBoarding** process was devised with some institutional knowledge transfer opportunities regarding the different functions along with discussions with senior management.

With regard to the **development and professional growth** paths, the **G.O.A.T. Project** (*Giovani Orientati alla Trasformazione* - Young People Orientated towards Transformation) was launched, which is aimed at **Under 35s**, while the activities devised for the population of "**Experts**", to whom Assessment Centres and Coaching courses are dedicated for the managerial strengthening of Middle managers and managers, continued.

The acceleration in terms of **institutional initiatives** was also an important opportunity to implement training activities, coaching and shadowing for colleagues on paths of growth and mobility in the foreign companies.

This year, particular significance was also given to the topic of **Employer Branding**. Reale Group has developed a rich programme of campaigns to enhance the Group's main strategic *assets*, using social media platforms such as LinkedIn and Joinrs; the aim is to develop the pillars of the HR policies and to attract certain targets of the population, by illustrating the main characteristics of the Group's Employer Value Proposition.



In **Spain**, projects to develop and enhance a target of colleagues with particular managerial **skills** and expertise, mainly focused on the importance of open and generative relationships, were implemented. In particular, a specific cycle of "feedback meetings between managers and collaborators" was held thanks to which it was possible to share informally the experience of 2023, the achievement of the objectives and the skills acquired. The opportunity was thus created to gather information aimed at measuring satisfaction levels, relationship quality and growth aspirations of individual employees.

Another significant aspect was the development of new **international mobility** policies which allowed for intercompany career paths to be proposed to colleagues in Spain, as already occurs in Italy.



In **Chile**, as well as the alignment with the Group's People Strategy and the development of new functions of the HR platform to improve the user experience of colleagues, the most interesting initiatives saw the introduction of **OKR systems** (Objectives and Key Results).



In this field, for the first time, a team of internal "**ambassadors**" was established with the duty of trialling and spreading an agile culture in the company, using these new tools created to guarantee, in parallel, individual and team alignment, focus and improvement.

Corporate Well-being

Valuing and developing the vast set of initiatives that the Group has always dedicated to the well-being of its People so that they can offer the best contribution to change processes: this was the mission carried out during 2023 by the Corporate Well-Being function.

In this scenario, a specific technological platform was identified to create a single point for carrying out constant dialogue between the company and its people and for offering all services. During the implementation of the software development activities, a specific section was created in the Digital Workplace "Really" dedicated to Well-Being, with an editorial plan focused on the design and dissemination of information about the various services offered.

The first campaigns concerned, for example, the topic of "health".

For example, the **flu campaign** was launched which, in October, recorded the administration of approximately 1,300 vaccine doses in the main offices of the Italy Group.



In November, "**Virtual Hospital**" was activated, an innovative remote medicine service that made available to colleagues and their families reduced-rate access to health facilities partnered with the Group; finally, in collaboration with LAB 1828, **Gymnasio** was trialled, a video fitness exercise digital platform integrated with artificial intelligence, able to track the movements of users and to give them feedback to improve their mobility and posture.

In **Spain**, in continuity with what was carried out in Italy, a project was launched to create a work environment and conditions to facilitate physical and personal well-being. In parallel, improvements were made to the **Smartflex Programme** which, dedicated to hybrid work, allows for well-being to be approached from various aspects, from organisation to the work-life balance.



In **Chile**, a mental-social survey was performed to monitor the risks present in the company and to establish action plans for the same, in close collaboration with the bodies in charge of the services of **health and psychological prevention SEREMI** (*Secretarías Regionales Ministeriales de Salud*).



In addition, the **network of conventions** with institutions providing **healthcare services** for colleagues and their families was also expanded (for example, the agreement with the *Instituto Oncológico Fundación Arturo López Pérez of Santiago*).

Furthermore, meetings were planned with experts on specific topics such as the fight against smoking, cardiovascular risks, mental health and correct nutrition. In this respect, the original initiative, which saw a professional trainer suggest that employees perform 10 minutes of physical activity per day in the office (so-called “active breaks”), together with the “Day of Fruit”, namely the distribution of apples, pears and oranges in the company premises, are noted.

A specific **flu campaign** was implemented in Chile, similarly to what occurred in Italy.

New ways of working

Having overcome the pandemic emergency, Reale Group decided in 2022 to use the **“hybrid” work model** which combines office work with remote work, in the awareness that this assists People in best expressing their potential and in managing the **process of change** that is underway in our markets.

In this scenario, the path undertaken in 2023 in **Italy, Spain and Chile** mainly followed two interweaving routes:

- **strengthening the value of this direction**, monitoring, refining and developing the practices in the various countries;
- **commencing methodological and project trials** which, based upon the opportunities offered by hybrid working, lay the foundations for making the organisation even **smarter**, thanks to the use of less hierarchical models more open to the active role of the Individual (e.g. the Agile Experience or the Group Transformation Programme - GTP).



In **Italy**, the plan of activities linked to the **New Now** project - begun in 2022 - continued, with a view to helping People to best interpret the choice of hybrid work.

While the focus on employees continued, in 2023, a new trial was launched for management: the office work method was supplemented, for all **Group managers**, by that of remote work, with the possibility of working in hybrid mode for up to a maximum of 8 days per month. The trial ended in December.

From the perspective of a smart organisation, Reale Group continued to introduce the Agile methodology into its software development.

Therefore, the **“Bacon”** project continued to transform the business and IT sectors into Agile teams focused on developing solutions according to the Agile/Scrum methodology.

Thanks to this decision, People can develop a new mindset, learning to work with greater autonomy, responsibility and sharing objectives, analyses, planning and results. The initial teams which started in 2023 (at the end of 2023 there were **21**, of which **14** in Italy and **7** in Spain), will be supplemented in the coming two years by other groups



and new initiatives. At the end of the year, approximately **110** people work for 100% of the time in Agile mode and approximately 55 colleagues external to the sectors were involved in the transformation.

The work of the **Group Transformation Programme (GTP)** also continued, leading to the identification of various *business* evolution projects, aimed at developing competitive benefits for the organisation and strengthening those that already exist.

The GTP uses a **“matrix” work model**, by virtue of which four vertical thematic areas (Motor, Non-Motor, Life and Welfare) must liaise with each other and define transformation dossiers, generating them jointly thanks to direct discussion with another eight functions that are cross-sectional stakeholders, from the topic of Networks to Payments, to Customer Centricity, to Data Driven, and Digital Transformation, etc. The aim is to create the conditions to have more teams working together, designing solutions that form, from the outset, the **synthesis of the requirements of different functions, thereby speeding up work times**.

Another model that forms part of the category of “new ways of working” was that of the **“Arena Ecosistema Salute”**, which aims to control, in the field of insurance and services, all design or maintenance/evolution activities relating to the **“Health” domain** of Reale Group in Italy and the digital partnerships, with the aim of pursuing converging business strategies.

Currently, the project governance mechanisms have been defined, along with the internal functioning and plan of activities that will be commenced in 2024.

Finally, it is noted that Reale Group has begun, thanks to a close collaboration between the HR Management & Organisation, Change Management and internal “Data Science Centre of Excellence” functions, to deal with **Artificial Intelligence (AI)**, in the awareness that this technology will introduce new ways of working.

It was thus decided to make available to colleagues in Italy and in Spain, **Reale GPT**, the first Generative AI tool which meets the criteria required by information privacy and security.

At the same time, a set of initiatives was finalised which, through workshops, training and informative materials, aims to raise the awareness of everyone about the informed use of AI, paying strong attention to the correct use and protection of the Group's information assets.

In **Spain**, in harmony with what occurred in Italy, the **“Smartflex”** path continued, which is the programme dedicated to hybrid work.

After conducting a survey on the perception of this model, various improvements were applied, such as the average increase to 8 days of work by way of smart-working compared to last year, as well as the development of simpler and more flexible processes of use more closely calibrated to the requirements of the various offices and services.



“Matrix” work model

4 related themed areas:

- Motor
- Non-Motor
- Life
- Welfare



Reale GPT

Generative AI Tools available to employees



In parallel, the **"Dia todo juntos"** initiative continued, which requires all persons to be present for one day a week - Wednesday - at the Madrid head office.

This campaign aims to enhance the positive value of office work, offering opportunities to still feel part of a cohesive team.

Finally, the new initiatives established in 2023 dedicated to "new ways of working", include **"Nuevos Ritmos"**. This initiative, aligned with the Ambition Letter, the Business Plan of the Company, the Budget Letter and the People Strategy, focuses on three guiding concepts: orientation to people, focus on results, and cohesion.

The aim is to disseminate a new way of working focused on self-development, integration of objectives and individuals, and transparent and agreed leadership. All functions that deal with People, business and internal communication were involved in this process, to design a system of listening and of management which values the sharing of and feedback on results with constructive dialogue between managers and collaborators.

In **Chile** various projects were launched to trial hybrid work; meanwhile, the activity to create the optimal conditions to ensure that office work and remote work can be carried out without risks and in an informed manner continued.

Furthermore the **"teletrabajo policy"** was also defined, which will be presented and launched at the end of the year.



Training

Training plays a leading role in the People Strategy to ensure that all Group People can practically interpret the change required by the various Change management projects in progress. Using this important lever, Reale Group aims to offer colleagues a current, effective, and stimulating learning experience and above all to increase their skills and establish new behaviours.



During 2023, **Academy - the corporate university of the Italy Group** - continued to train and develop **skills for the future**, in line with the Purpose.

The topics, in addition to insurance and regulatory, concerned digitalisation and artificial intelligence, Data-Governance, Design Thinking, Agile methodology, Cybersecurity, Customer Centricity and Sustainability.

Particular attention was paid to Well-being, also through the tool of Mindfulness and with initiatives on Well-being Management, Diversity, Equity & Inclusion and work-life balance.

The new Academy campus was opened at the historic Costa Carrù building in Turin, where teaching activities resumed in person, while continuing to provide the opportunity of attending lessons in hybrid mode or entirely virtually.



As part of the programme of assistance with the transition, Academy commenced a path of “intergenerational” shadowing, indicated as the “over 55s project” in the FBA (Fondo Banche Assicurazioni)-financed Training Plan. The project, entitled “**Generational Tandem**”, brought to the classroom in 2020 approximately 60 colleagues from the whole Group for three days of in-person training.

The course was characterised by activities, in addition to classroom sessions, in “tandem” between the senior tutor and the junior tutor and by virtual follow-up periods in groups. The activity facilitated the exchange of points of view, investigating differences in terms of origin and experience, and developing skills with an increasingly cross-sectional vision. Furthermore, for the senior tutors it was an opportunity to encourage the inclusion of new generations joining the Group, also increasing their communication skills and technological know-how.

The junior tutors were able to expand their personal networks and to consider their own development in order to face new professional challenges.

Finally, thanks to this initiative, the organisation was able to facilitate the transmission of commitments and values for future leaders, increasing the contact between colleagues with more mature personal and professional skills and stimulating job rotation.

Training in **Spain** formed part of the framework of the Group's Purpose, with a view to disseminating hybrid work and above all supporting the “*Nuevos Ritmos*” Programme. Various themes were addressed, such as the “meaning” of in-person training and remote work, the need to develop new technological/digital skills, and the collaborative leadership model.



Accordingly, the **catalogue of the course offers** was improved, developing a platform dedicated to self-development through training, with engaging and stimulating formats, thanks above all to the possibilities offered by gamification, virtual reality and competitive *contests*.

In **Chile**, the Company liaised closely with the **Comitè Bipartido** (a body composed on an equal basis of employee representatives and company representatives, responsible for analysing and approving the company training plans), developing innovative training courses, such as the “**Yo soy Reale**” programme, to strengthen team-working dynamics and relationships between colleagues, encouraging the expression of opinions and perceptions of the individual members in relation to the quality of the environment and team work.



Other initiatives touched upon themes of technical nature, in the underwriting and liquidation area, and were implemented in collaboration with the teaching staff of Santiago's “*Escuela de Seguros*” and with local freelance professionals.

Training Directors, Statutory Auditors, and Senior Management

In 2023 the course aimed at members of the **Boards of Directors, Boards of Statutory Auditors and Senior Management** was confirmed, involving workshops and opportunities for exploring legal/regulatory issues of the business and the context.

The training interventions organised during 2023, which involved, as usual, the active contribution of external speakers, Commissions, managers and Group structures, are listed below.

May	General macroeconomic scenario: inflation, interest rates and Reale Group strategy
June	Artificial Intelligence (AI)
July	<ul style="list-style-type: none">● Catastrophic and climate risks: new challenges to be addressed in relation to climate change● Phase 2 internal model and pre-application (seminar aimed at the Corporate Bodies of the Group's Italian insurance companies)
September	<ul style="list-style-type: none">● Ambition Letter and Budget Letter: Reale Group strategies, priorities and goals● New challenges in relation to sustainability and the Reale Group strategies
October	The Agency of the future: how the Agency architecture changes in an Agency that changes
November	<ul style="list-style-type: none">● Explore AI - Artificial Intelligence and Cyber Security (webinar also extended to Delegates)● Health (workshop also extended to Delegates)

As regards the **Agency Delegates** and their training, they took part in the sessions held in November; in addition, in April, a workshop was organised for them, focused on the evolution of the Group's governance and on the remuneration policies.



Finally, with the goal of confirming the importance of an **increasingly trained and cohesive assembly structure involved in the governance of Reale Mutua**, meetings also continued in 2023, from July to October, with the Chairperson and the Delegates (so-called "**Giro d'Italia**") comprising stages in Palermo, Modena, Caorle, Santa Margherita Ligure and Polignano a Mare, enabling the mutual exchange of thoughts on issues relating to the proper operation of the Company and the Group.

The focus was purely on insurance areas, on Reale Group's current status and developing framework, on the development of the figure of the Delegate, on the transformation of the tasks of the Directors within the Board of Directors, on Reale Group's governance model and on aspects and decisions connected with it.



Internal communication and engagement

In the People Strategy, as is the case for training, internal communication campaigns are considered very significant levers in change processes. It is no coincidence that Reale Group aims to create a fully-fledged **"narrative ecosystem"** where all functions that deal with these themes operate together and with the other business structures to ensure that storytelling and engagement are always at the service of development, illustrating the Purpose of the decisions, creating knowledge and coherence, acting on energies linked to passion, stimulating the desire to feel good and offering a proactive contribution to change projects.

In **Italy**, Reale Group integrated its internal media, first and foremost the Really platform. The initiatives include the path dedicated to the Purpose, Vision and Mission, illustrated during the Employees Meeting, an event that brought together all people of the Italy Group by way of live streaming.

The same approach was taken for disseminating the Ambition Letter. Many topics were addressed, linked to the Group's current situation, and presented to People at different events, also organised in hybrid form, as well as through "video engagement", during which senior management and the project leaders focused on various company projects.

In terms of communication, there were many activities and campaigns based upon the main actions, including the **Great Place to Work** survey.

Resuming a tradition that was interrupted due to the pandemic, in 2023 the Group once again organised the **"Children in the office with mum and dad"** initiative, an event that has for many years aimed to enhance the strong link between the Group, its people and their families.

The doors of the offices of Reale Group in Turin were opened on Friday 16 June to employees' children aged between 0 and 13, enabling them to see the offices where their parents work.

In Milan, the event took place at Italiana Assicurazioni on Friday 9 June, and, for the first time, children of our Udine colleagues were involved when the event took place on Tuesday 13 June.

The 2023 initiatives involving the HR and Change Management functions, as part of the **partnership with Eurapco** include the **working groups**: the first, known as **HR Group**, saw many meetings take place in person and online between representatives of the People world in order to share the most interesting experiences and to create an opportunity to implement, in a common perspective, projects to innovate the approach of the individual companies to taking care of individuals.



- Employees meeting
- Purpose vision mission
- Great Place to Work
- Children in the office (Turin, Milan, Udine)

EURAPCO work groups:

- HR Group
- Internal Communication and Corporate

Happyforce App

67,800
interactions

82%
of people are "active"

over 820
comments

129 responses
and announcements
provided
by the Company



The second group, on the other hand, was dedicated to themes of **Internal and corporate communication**, to share the most current themes in this sector in Europe and the broader experiences implemented in the various countries.

In **Spain**, the communication was aimed at *"Nuevos Ritmos"*, as well as the main Change management projects.

The channel most used in 2023, in addition to the Group's Digital Workplace Really and the weekly newsletter published by email, was **Happyforce**.

This simple digital app facilitated the real time communication of people's perspectives on various different matters.

At the end of 2023, over 67,800 interactions were recorded, while 82% of people were "active", numbering over 820 comments and above all 129 responses and announcements provided by the Company.

In terms of **events**, the **Convention "Mucho más que un gran equipo"**, held in Valencia, is noted, which involved all colleagues in person for two days.

This was a very popular plenary meeting, during which the Company's senior managers illustrated the goals achieved and shared the challenges of the future.

2023 in **Chile** was marked by two meetings aimed at the entire company population, in order to present in the month of November the objectives of the **annual strategic Plan** and in April the **final Income Statement results**. In parallel, the area managers and management itself organised meetings with all collaborators to comment upon and discuss the data.

The communication channels were also improved with a new platform known as **"BUK"** dedicated to information and listening in addition to Really where the initiatives are regularly communicated.

Diversity, Equity & Inclusion (DEI)

The initiatives in relation to Diversity, Equity & Inclusion (DEI) fulfil the main duty of making the organisation **fairer, more open and inclusive**, pursuing a real gender balance and transforming this mix into a competitive factor on the market.

This all takes place in close connection with the values of the Group's Code of Ethics and with the declarations expressed by the Purpose.

Reale Group's strategies, in fact, focus on the fact that giving life to an organisation characterised by real attention to diversity means creating an environment in which people can live in harmony and build the best solutions to generate a positive impact on every day life and on change and business development processes.

This is the direction taken by the path in **Italy**, which confirmed the partnership with "Value D" (the association which networks some prestigious companies on these matters), in collaboration with which several interventions were implemented in favour of a fair working environment that respects and values diversity.



This work includes the **"Inclusion Impact Index Plus"** survey, the tool for mapping and measuring Diversity, Equity and Inclusion policies.

The path for gender equality certification was also commenced, according to relevant practices in line with UNI 125:2022.

During the year, an **initial exploratory analysis** was carried out to highlight the situation and to understand which initiatives are most appropriate for **evolving towards a "gender neutral" organisation**.

In parallel, it should be noted that the activities envisaged by the certification in Italy, from the second half of 2023, as part of the working group dedicated to this area, identified the need to create a **company Policy to manage gender differences** which defines the principles and key indications of the organisation, identifying strategies, goals, measurement ratios and communication and engagement initiatives to make Reale Group an organisation truly focused on the value of inclusiveness, gender equality and enhancement of diversities across the board.

These actions will continue throughout 2024, being expected to be completed between the end of the year and the start of 2025.

In addition to this, the **"Gender Pay Equity"** project aims to make available to the organisation detailed reporting to measure pay differences between genders, by way of indicators which identify the causes and highlight possible actions to reduce any gaps.

Finally, the **"Reale Equality"** initiatives, established in 2022 to entrust to an online community the task of stimulating a cultural change relating to the topic of inclusion and diversity with a particular focus on gender-related topics, continued.

During 2023, there were around 180 active users of this digital community, including male and female colleagues; in recent months, about 40 posts were made, communicating various initiatives and pieces of news, as well as information on topics, such as those relating to "Women's Day" or the "International Day for the Elimination of Violence against Women".

One of the main initiatives carried out by **Reale Seguros** in the DEI area concerns the development of a cross-functional project with focused on three themes:

- **Gender Equality**: to guarantee a good level of gender balance in **senior and managerial roles and across the whole company population**, various **training interventions** were organised on the value of equality, as well as seminars aimed at managers who lead a team. Furthermore, an education and development programme dedicated to colleagues with strong potential was established;
- **Disability**: going beyond the rules established by the national law on disability, the Company wanted to offer a **further contribution**, establishing in the internal collective contract specific permits, flexibility measures on hours or ways of working, as well as economic benefits;
- **Inter-generational diversity**: to address a critical issue that has now become international, Reale Seguros has developed measures and processes to facilitate the exchange of knowledge, skills, cultural values and know-how between the many generations that coexist in the organisation today.





Therefore, in May 2023, a survey was carried out in which senior colleagues were asked about their expectations and needs. Thereafter, a three-year monitoring programme was developed which involves transferring knowledge from senior persons to the younger generation.

With regard to **Reale Chile Seguros**, the document entitled **“Política de Diversidad y Inclusión”**, with the respective 2023 work programme, was prepared and filed at the Employment Directorate.

During the year, various initiatives were created, such as the reduction of architectural barriers present in the Santiago management offices, as well as cycles of **meetings and/or seminars** to spread awareness and a real understanding of DEI themes. The role of the “Diversity & Inclusion Manager” was identified within the company subject to achieving a valid certification at national level.



Benefits provided for employees

- healthcare
- supplementary pension
- advantageous policy terms
- parental leave
- funding for purchase of home
- targeted management of working hours to facilitate work-life balance



Mobility Focus

- incentives for use of public transport and bicycles
- flexi-time and personalised hours to lighten city traffic



Benefits provided for employees

During 2023, the activities continued to offer all colleagues adequate tools, services and initiatives that form part of the **“Benefit system”** dedicated by Reale Group to the well-being of its people, in complete coherence with what is established within the various Supplementary Corporate Contracts (CIA) renewed in 2022.

Many benefits are envisaged for 2023, touching on various themes, for example, healthcare, supplementary pension, policies with advantageous conditions, parental leave, financing for the purchase of a home, targeted management of working hours based upon family and personal commitments, and much more.

In this context, it is specified that part-time employees have access to the same Benefits as full-time colleagues, subject to some specific aspects concerning certain contractual institutions such as those involving a re-parameterisation connected to working hours. Furthermore, the provisions of the CIA also apply to temporary employees, for the parts that are compatible with the employment relationship. In parallel, again during 2023, in Italy there was a focus on themes of the environment and of mobility.

Indeed, the Group continued to encourage low-environmental impact transport as a concrete alternative to the use of private cars for the work-home commute: the primary aim is to offer solutions that can give a concrete response to the problem, focusing on forms of transport alternative to use of the private car, such as public transport and bicycles, and to improve air quality in the urban environment.

The initiatives include, for example, flexible and personalised hours to contribute to reducing rush hour traffic in the city, “hybrid” work, economic incentives (such as the 50% reimbursement for the public transport pass), bicycle racks and the reimbursement of their annual rental fee.

Once again this year, Italian colleagues were asked to complete on Really a new edition of the traditional questionnaire on home-work commutes, which will give an overall picture of the current and prospective situation of home-work mobility and the possible



interventions that can be implemented to improve and facilitate it, offering convenient solutions in terms of energy, economic and time savings.

The analysis of the responses will also be used to draft the usual annual report on CO₂ emissions produced by all journeys with the aim of calculating the Group's environmental impact and reducing it.

The **partnerships with the playgroup and nursery school** close to the Turin offices continued.

They involve reserved places in favour of employees at reduced rates, thanks to the contribution paid by the Companies to the schools. The personal, welfare and professional consulting service, specialising in psychological support, entrusted to **ISSIM** (Institute for social services in business), continued.

In the Benefits area, particular value was attributed in 2023 to the role performed in **Italy** by the Reale Group Management Agencies, namely Reale Mutua Management Agency 259 in Turin and Italiana Management Agency 905 in Milan.

Indeed, these are two fully-fledged insurance agencies **dedicated exclusively to employees of the Italy Group, their cohabiting relatives and the Associazione Seniores Reale Group** to whom a dedicated consulting service is offered, based upon what is established in the Supplementary Corporate Contracts, giving the possibility of subscribing to the insurance products present in the family line (life, motor, home, pension and so on) of the two companies under special terms.

While Agency 259 is aimed at colleagues of Reale Mutua, Banca Reale, Blue Assistance, Reale Immobili and Reale Ites, **the Italiana Agency 905 is dedicated to Italiana Employees**. Once again in this case, the consulting provided is **all-round on non-life and life insurance**: from information to quotations, from subscription of new policies to claims management.

During 2023, one of the communication and relationship channels most used by the two internal agencies and by colleagues was that of the **Digital Workplace Really**: all information about the available offer and the procedures for best interacting with the Management Agency can be found on the platform, in a new reserved section.

In addition, during the year, they participated, in the context of a renewed service evolution and improvement programme, in various corporate projects aimed at Members and Agencies around the country, such as the development of new policy management functions via Apps, and new administrative or revision processes of communications to policyholders, both as active members during planning and as end users.

With regard to **Reale Seguros**, the commitment to improve the satisfaction and well-being of People inspired the formalisation of the "*Convenio Colectivo de Grupo Asegurador Reale*".



The agreement makes improvements to the internal benefit system. In fact, there is a particular focus on enhancing diversity in all its aspects to make the company an even more sustainable workplace over time. Furthermore, measures for **single-parent families** have been introduced and improved. Other benefits have also been provided for families with disabilities and addictions, with contractual institutions such as flexi-time being designed to assist in this area, together with support of economic nature.

Finally, the various initiatives also include the investment to offset the **adverse effects of 2022 inflation**, which facilitated an average salary increase of 5%, a higher percentage than that regulated in the collective contract. In parallel, all employees in the workforce are given a lump sum amount of approximately €500 to compensate for these disadvantages.



In **Chile** the **"Benefits Manual"** was also renewed during 2023.

An updated version of the document was prepared on the new HR platform which illustrates more clearly and directly the benefits offered to employees; furthermore, new institutions have been added on various issues of interest to colleagues, both for physical well-being and to improve the work-life balance. In particular, the information provided for using the **"Bono escolaridad"** (for colleagues with school-age children) has been refined, while the possibility of participating free of charge in the **Easyway** programme for stopping smoking has been added.



Great place to work (GPTW) survey

In the countries in which it operates, Reale Group has given its employees the Great Place to Work (GPTW) survey for several years. The aim is to use this important listening tool as an opportunity for change and constant improvement.

A great deal of materials and data are gathered, giving an overview of the organisation which places transparency and dialogue in pole position in its relationships with People. For these reasons, the results are presented in various communication initiatives, whose generative values lies in a two-way, open and constructive relationship, thanks to which colleagues and managers can discuss and share the problems and opportunities and plan future initiatives together.



In 2023 in **Italy**, after the GPTW 2022 survey, an action plan was created in close connection to the data that emerged from the previous edition. The most significant interventions concerned various themes forming part of daily life in the company, from well-being to transparency, from improvement of the sense of belonging to meritocracy, going so far as gender equality.

A specific communication campaign informed of the results and many training and change management initiatives were organised via the Digital Workplace "Really". In November 2023, the new survey was commenced, for the fifth consecutive year, which confirmed - once again - the great interest by all employees, recording a response rate of



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84% and a Trust Index value (trust held by colleagues in the company) of 65%, in line with that of 2022, despite the complexity of a context that recorded a general reduction of the index in the insurance/financial sector.

For the fourth consecutive year, Reale Group achieved and far exceeded the threshold for obtaining the certification.

Also in **Spain** the survey achieved equally important results: the Trust Index touched the heights of 79%, with a participation rate of 83%. Furthermore, among the various positive indicators, the fact that 87% of people consider that Reale Group is "an excellent place to work" stands out.

In that scenario, the company also received major **recognitions**. One of the most significant is being 3rd in the national ranking - for the tenth time - of the best company at which to work in the category of large companies.

All this led to a communication process with events and editions of the company newsletter, as well as to specific action plans, bolstered by qualitative analyses, focus groups and interviews with Directors and Managers.

In **Chile** - where, in the 2022 survey, the Trust Index had risen from 77% to 83% - employees met with the HR Department at a **roadshow**, which visited all offices, called "**Bajada de clima**".

During each session, the results were illustrated and ideas, opinions and suggestions were gathered for improving the internal climate.

Finally, in October, the **new GPTW survey was launched and the result of the Global Trust Index was confirmed at the value of 83% also for the year 2023**.

It is worth emphasising that positive answers to the question "All in all, would you say that this is an excellent place to work?" increased by 2 per cent, moving from 86% in 2022 to 88% in 2023.



5.2.2.2 Worker health, safety and well-being

Reale Group continuously pursues the goals of improving workers' health and safety, thus providing human, operating, and financial resources for the prevention of accidents and illnesses and for the protection of its employees and all those who work at its facilities (companies, collaborators, visitors); furthermore, it promotes the well-being of its workers and strives to spread a culture of safe and informed behaviours.

In reference to the impacts on the ethical/reputational component, through the Code of Ethics, Reale Group undertakes to operate in compliance with all the values and principles of civil society, including that of legality. In this respect, the Group fully complies with all primary and secondary regulations in force in the countries and markets in which the Group Companies operate, including those in relation to worker health and safety. Also in relation to Sustainability themes **the supplementary corporate contracts (CIA) reiterate the importance of balancing corporate financial goals with social and environmental objectives, considering that business decisions, particularly those of a Mutual Company, should also consider the repercussions on Workers and their health and safety.**

The CIA also recognised the central role of all workers of Reale Mutua and of the Group in guaranteeing and preserving health and safety, the goal of their enhancement as an essential, as well as strategic, element, not only of the qualities of individuals but of the entire Group.

Furthermore, in line with those presuppositions, fundamental importance is given to dialogue with stakeholders, respect of agreements and the implementation of already trialled initiatives, such as **flexi-time to facilitate the work-life balance** (flexi-time, part-time, remote work, smart working), housing (rented accommodation/home loan), attention to gender issues (equal opportunities commission), **protection of health** (accident and illness policies), **specific solutions for disabled staff, policies in favour of student workers, eco-friendly transport** (incentives for using bicycles and public transport) and **continuous training for all employees.**



Occupational health and safety management system

In **Italy** all Reale Group Companies have a Management System to comply with the mandatory regulations under Legislative Decree 81/2008 as amended and supplemented for its employees and agency workers and for the safety of visitors, interns, students of the PTCO programme and suppliers who operate at the Group Companies' offices.

Employers are supported by external Managers (RSPP) and, where necessary, by an internal Prevention and Protection Service (SPP); in addition, since 2010 the following Companies: Reale Mutua Assicurazioni, Italiana Assicurazioni, Blue Assistance, Banca Reale, Reale Ites, Reale Immobili (and since 2024 also Blue Health Center) have adopted an organisational model compliant with the requirements of the reference international standard (UNI EN ISO 45001:2018) and managed by the Safety Management Function



(FGS) common to the aforementioned companies. The model is verified annually with a system and cogency audit (legislative audit) by an independent external inspection body (UNI CEI EN ISO-IEC 17020) which carries out assessments of this nature.

A system of mandates for external managers was implemented for the safety of temporary construction sites in the headquarters and rental properties and for the most at-risk maintenance (again contracted to third parties) in the headquarters, as well as for the management of safety at corporate events and, since 2023, for the assessment of risks of interference with third party suppliers.

The Employers report to the Board of Directors on expenses incurred for health and safety and, in the annual Review of Management, the status of the System, any critical issues, goals achieved, and future objectives are presented to the internal control departments.

In **Spain**, with reference to the Occupational Health and Safety Management System and the activities assessing preventive action planning risks, pursuant to art.30 of Ley de Prevención de Riesgos Laborales (Ley 31/1995) and section III of the Regulación de los Servicios de Prevención, RD 39/1997 and given the characteristics of the Group Companies, the latter have opted to develop the prevention activities according to the Joint Prevention Service (Servicio de Prevención Mancomunado), in compliance with what is established in art.21.1 of RD 39/1997.

The Service is also tasked with reviewing and updating the various health and safety processes that compose the Group's preventive system. In addition, the Companies have a contract with an External Prevention Service (Servicio de Prevención Ajeno) for some specialisations.

The safety procedures concern all Workers of the Group Companies and influence the safety of external personnel operating at the Companies' sites.

In 2023 the prevention system was subject to a four-year legal audit, with fully satisfactory results.



In **Chile**, in relation to occupational health and safety management, Reale Chile Seguros complies with the provisions of Ley no. 16.744 and its rules (latest amendment of 23/12/2017 - Ley 21.054) regarding workplace accidents and occupational diseases, as well as with the general provisions to protect workers (art.184 et seq.) of the Labour Code. Reale Chile Seguros manages health and safety by following the procedures defined in the Internal Regulation, training staff based upon the requirements of the IPER matrix (which identifies the dangers and assesses the risks) developed by the professional responsible for the company - Risk Prevention Engineer, preventing risks with the Joint Health and Safety Committee set up in the company, applying the plans and ministerial protocols to avoid the occupational diseases included in the health plan and working annually in the company risk prevention area.





Identifying hazards, assessing risks, and incident investigations.

The risk assessment process required by Legislative Decree 81/2008 is conducted for Employees by the external RSPPs, supported, where necessary, by the internal Prevention and Protection Service; the external medical staff and internal Worker Safety Representatives (RLS) collaborate in the risk assessment.

Based on the process, and any reports of Workers and Safety Supervisors (who may stop the activity), any emergencies are identified and the procedures and instructions for their management are prepared; the events that may lead to an accident (even occurring while working from home), as well as those that are the cause of near misses or dangerous situations, are also assessed.

In 2023, in addition to periodic updates of the workplace risk assessments, the fire risk assessments were also specifically reviewed according to the new classification of risk levels envisaged by the new legislation; in addition, the risks in school-work alternation projects in the management headquarters were also investigated.

The objective assessment for work-related stress was also completed, also paying attention to mental-social risks, and the outcomes of the assessment were mitigated with the actions taken forward following the Great Place to Work climate survey.

The monitoring of radon gas in the basement floors of the offices was also pursued, in light of recent regulatory changes and the awareness raising initiatives continued on the following themes: workplace violence and harassment, fairness and inclusion.



In the Spanish companies of the Group, the methodology for identifying hazards, assessing risks, and carrying out incident investigations was developed based on binding legal guidelines:

- Ley 31/1995 de Prevención de Riesgos Laborales (amended by Ley 54/2003);
- RD 39/1997 which approved Regulación de los Servicios de Prevención (amended by RD 604/2006);
- the technical Document of the Instituto Nacional de Seguridad e Higiene en el Trabajo "Evaluación de Riesgos Laborales";
- the "Supplementary document for implementing and developing the prevention of professional risks in companies" (*Documento de integración para la implantación y desarrollo de la prevención de riesgos laborales en las empresas*), which was required by the *Autoridad Central de la Inspección de Trabajo y Seguridad Social al tavolo del Diálogo Social*.

This methodology includes the normal guidelines for implementation and, if necessary, may be amended in order to be adapted to the company's concrete needs or to implement the necessary actions for emergency situations, such as that for COVID-19. Regarding the identification of workplace accidents: "accidentes de trabajo" (AT), in 2023 too, all accidents and incidents that occurred in the Company facilities were analysed, irrespective of whether or not they caused harm to workers.



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In terms of identifying dangers and assessing risks, Reale Chile Seguros developed the IPER matrix with which it assesses and determines the training requirements, implements or updates the procedures and/or equipment for each activity, identifies the dangers and assesses the risks present in the company environments.

This process was supported by periodic assessments of workers by professionals of Mutual de Seguridad de la Cámara Chilena de la Comunicación" (Mutual de Seguridad C.Ch.C.), which supervises their results in relation to the company in order to validate the workplace health and safety conditions.

In relation to accident investigations, the Joint Health and Safety Committee, a body formed by the Mutual in relation to accident investigation techniques (causal tree methodology), is present, which issues an accident investigation report every time a workplace accident occurs.

The entire process is supported and validated by the Risk Prevention Engineer.



Occupational health services

In Italy, the Occupational Health Services of the Group Companies are managed by Medical Staff and for the larger companies are regulated by an internal procedure that defines the methods for implementing the Health Monitoring service, assisted by the Coordinating Medical Staff, Regional Medical Staff, and by the supporting health facilities in Turin and Milan to which, in part, the management of the service was outsourced. Periodic check-ups are provided for all employees based on Health Protocols drafted by Medical Staff in which there is also a special focus (more frequent visits and specific tests) on call-centre workers and post-traumatic situations for any assaults and/or robberies for Banca Reale workers. The Medical Staff perform annual monitoring surveys of all workplaces. In 2023 the management of health supervision in the regional offices was improved, now centralised under the same support structure that manages medical examinations for the Turin office, while the collaboration with the Department of Psychology at the University of Turin continues, to assess work-related stress; finally, the company psychological consulting service (ISSIM), available free of charge to employees, continues, in addition to a series of insurance and service benefits and supports for health aspects in the field of well-being.





“Vigilancia de la Salud” is the occupational health service in Spain that complies with the features established by the applicable relevant legal provisions (art.22 of Ley 31/1995 of the Prevención de Riesgos Laborales) and is organised by the internal process: “Vigilancia de la salud”. In order to give its employees greater protection in the area of occupational health, the Spanish companies of the Group regularly plan medical appointments and analyses after hiring, after the assignment of specific tasks associated with new risks, and after prolonged absences. In Spain, due to the nature of the activities carried out, medical appointments must be performed every two years, but the Servicio de Prevención Mancomunado improves upon this provision, offering all employees these appointments every year.

In addition, the medical protocol agreed upon with the Servicio de Prevención Ajeno is an improvement on that envisaged by law for the type of business activity and stipulates a series of medical tests and additional analyses.



Regarding medical support services for workers of Reale Chile Seguros, in line with art.29 of Ley 16.744, any Employee who has suffered a work injury or occupational disease has the right to medical services until fully recovered. This service is provided through the Mutual as an administrative body for insurance against workplace accidents and occupational diseases. Furthermore, although no regulatory obligation exists, during 2023 the company promoted optional medical examinations aimed at preventing cardiovascular risks (in collaboration with the Mutual) and optional optician appointments and flu vaccinations for all staff, at no cost to workers.

Participation and consultation of workers and communication regarding occupational health and safety programmes and related communication

In relation to the participation and consultation of workers and the related communication on workplace health and safety, the Group ensures and guarantees an adequate communication flow by employees and all stakeholders. The Really platform also allows workers to keep updated on health and safety issues in the company, also through sections dedicated to specific emergencies.



In Italy, the “bottom-up” communication includes the management of findings and observations made by workers who can send reports, anonymously and freely, to the worker safety representative (RLS), or directly to the Prevention and Protection Service (SPP) or to the Facility Area via the Archibus platform or by verbal, telephone, email or Teams requests.

The RLS of the biggest Companies share a space with the SPP containing all safety information for which they must be consulted and are involved, as well as via normal communication channels, also in coordination meetings with Employers, Heads of the Prevention and Protection Service, Prevention and Protection Service and Medical Staff on specific issues that may become necessary during the year in addition to the annual periodic meetings.



The emergency managers of the offices throughout the country also share a cloud space with the Facility Area and the SPP for the management and update of the safety and emergency documentation relating to their sites.

Finally, all workers are involved, as well as for work-related stress, in investigations on specific well-being or company climate issues (such as, for example, the Great Place to Work).

The participation and consultation of workers in the preventive activities of the Spanish companies is organised with the "Información, consulta y participación de los trabajadores" process, according to art. 18 of Ley 31/1995 and its chapter V, articles 33 and 34, containing specific rules on information, consultation and participation of workers.

The right to participation by workers in relation to prevention is therefore established on two levels, which complement each other:

- individual participation: the worker is informed in relation to health and safety conditions in the workplace;
- collective participation via the CSS, the Comité de Seguridad y Salud, regulated in art. 38 of Ley 31/1995, which is the regular and periodic participation and consultation body, established in companies or employment centres with 50 or more workers.

At the meetings held during the year by the CSS, trade union delegates and technical prevention managers of the Companies not included in the composition of the Committee may participate, and any person who, due to their training or suitable qualification to discuss those issues, may be invited to attend. The Servicio de Prevención Mancomunado, which brings together the companies that make up Reale Group Spain, represents the expansion of the Comité de Seguridad y Salud.

In Chile, the participation of workers with regard to development, implementation and assessment of the workplace health and safety management system is guaranteed via Really and through access to direct communication with the company risk prevention area, both in person and via traditional communication channels (e-mail and Teams). Furthermore, the Joint Health and Safety Committee (made up of 3 workers' representatives elected by vote among all workers of the company and 3 company representatives designated by general management of the company) is established, with functions that include communication to Workers specifically on issues of Occupational Risk Prevention.



Worker training regarding occupational health and safety

Regarding occupational health and safety training of workers, Reale Group always places maximum emphasis on the importance of info-training actions regarding health and safety to spread the culture of safety and mental and physical well-being. The activity addresses all workers during working hours, remotely where possible or in-person where required by law.



In Italy, a worker info-training programme based on current laws, the size of the production unit, the number of employees, and the type of specific risks is operational, involving the type of info-training to impart, and with possible education, and the frequency with which it will be repeated.

The programme stipulates certain improvement courses in terms of frequency (fire-fighting courses) or duration (first aid courses) in compliance with the minimum required by law.

The Academy training school continuously updates its training catalogue, providing basic courses and annual refreshers according to continuous training for workers, officers, and directors, in addition to courses dedicated to Emergency Staff, Workers' Health and Safety Representative, and SPP officers.

The activity fulfils both regulatory obligations for the role and, by way of dedicated information, for smart working, to spread the culture of safety inside and outside the work environments (such as in the home) with additional training to that envisaged by the legislation, for example, on themes of well-being and healthy behaviours, also using webinars, workshops, and information shorts.

In 2023 a new automatic reminder procedure was implemented to ensure workers complete the mandatory courses, including health and safety update courses, which is proving to be effective.



The training of workers in relation to preventive activities in Spanish companies is organised with the "Formación de los trabajadores" process.

To complete this protocol, the following information and training steps were defined: New Hires - Prevention Space on the Reale corporate intranet (where all information relating to prevention is found, such as the guidelines and articles of interest strictly related to company employment positions) - Training of emergency teams - Regular Training as stipulated by Ley 31/1995.



During 2023 the meetings and training courses on occupational health and safety continued, covering themes such as management of emergency plans, evacuation plans, remote working, safety talks, workplace health, etc.

Workers participated in the introductory course to safety themes "Obligation to inform workers of the risks to which they are exposed" and the pilot smart working projects continued, expanding the number of participants on the course about controlling remote working risks.

Furthermore, the use of the virtual training platform of the Mutual company is constantly promoted, where each worker has free access to online training on topics such as, amongst others, workplace health and safety, leadership and healthy living.



Promoting worker health

Reale Group contributes to the concept of care for the well-being of people as part of its Purpose to improve not only the prevention of workplace risks but also to promote worker health and safety, as indicated in Goal no. 3 of the United Nations 2030 Agenda: Ensure healthy lives and promote well-being for all at all ages.

The People Stream of Reale Group's strategic plan has, in fact, among its goals, the creation of an increasingly peaceful and productive work environment, which places the needs and well-being of people at its centre; this is why a dedicated function has also been established dedicated to well-being.

With a view to safeguarding the health of workers, promoting their well-being and protecting their private and family life, the performance of smart working, including time spent on training, occurs in full respect of the balance between the professional and private sphere of the worker, as well as the rest times envisaged by the legislation and the right to disconnect.

In Italy, in relation to health promotion, services and benefits are made available to workers, such as: health insurance, ISSIM psychological support service, free flu vaccination, Virtual Hospital online platform providing support for health requirements (e.g.: online general or specialist consultations, home delivery of drugs, etc.), work-life balance initiatives, personal welfare and services, initiatives of the Well-Being unit, attention to and promotion of the culture of equality and inclusion in the company, initiatives implemented by the Group Companies Blue Assistance and Blue Health Center for support to family and to people.

In 2023 the results of this attention were validated by the Great Place to Work certification and by the **"Top Job Best Employers" assessments of the German Institute for Quality and Finance** which, in September 2023, completed a survey where the Parent **Reale Mutua was positioned in 4th place among the best Italian employers**, capable of providing a stimulating and gratifying environment not only in terms of remuneration and career prospects but also due to the company climate, free-time balance and possibility of hybrid work.





In Spain, as regards the promotion of employee health and with the end of the Covid-19 pandemic officially declared in July 2023, measures were consolidated such as the annual health monitoring with an advanced medical protocol (by law, health monitoring must be performed every two years), and the signature of the new Collective Labour Contract of the Group in Spain, which includes a broad programme of measures to balance work, personal and family life of recognised prestige (EFR Family-Responsible Company A+, Great Place To Work certification).

The agreement also includes the smart working programme, conferring legal value to it. Furthermore, comprehensive health insurance for all employees and the DKV healthcare platform continue to be one of the main pillars in favour of employee health.



At the end of 2022, contacts with the FALP (Fundacion Arturo Lopez Perez) association were initiated, to draw up an agreement that allows Reale Chile Seguros workers, who decide to join, to benefit from complete coverage if cancer treatments are required by the policyholder or their nuclear family.

During 2023, initiatives promoted in the company's Health plan continued: active breaks in the offices in collaboration with experts sent by Mutual, psychosocial surveys with the health organisation Seremi, meetings with Easyware experts to combat smoking, promotion on the Human Resources company portal of new benefits for personal well-being.



Prevention and mitigation of impacts regarding occupational health and safety directly linked to business relationships

With reference to preventing and mitigating the impacts in terms of occupational health and safety within relationships with suppliers whose work activity the Group does not manage and is not responsible for, the relationships with suppliers who access and operate in the Company sites, and who must be qualified, in advance, via the Suppliers Registry, are managed in compliance with art. 26 - Title I (in the case of tender or work or staff leasing contracts in the production units) and Title IV (in the case of temporary and mobile construction sites in the production units and rental properties) of Legislative Decree 81/2008 as amended and supplemented. This requires that the companies concerned provide, including via the support of external managers delegated to safety: proof of technical and professional suitability, incorporation of the information on risks in the premises where the activities are performed and, when necessary, the signature of the DUVRI (Combined Overlapping Duties Risk Assessment Report) or a Cooperation and Coordination Report or, in the case of construction sites, the PSC (Safety and Coordination Plan).

Special attention was paid to managing safety and overlapping duties in at-risk maintenance activities and in corporate events and, from 2023, in the opinion given after the questionnaire which confirms or denies for each contract the existence of overlapping risks, the control activity of which was delegated to an external professional.



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Prevention and mitigation activities regarding occupational health and safety impacts are coordinated between the Group companies present in Spain according to what is established by the internal process "Coordinación de actividades empresariales" and in line with what is established in the Real Decreto 171/2004, which implements art.24 of Ley 31/1995, and in the NTP (Nota técnica de prevención) 919 of the INSHT, concerning coordinating activities between companies.



The goal of this process is to establish the methodology to ensure that the services offered by external companies or staff hired or outsourced avoid risks. The process also aims to ensure that the services are performed with respect for the safety measures established by the law on the prevention of professional risks or by any other applicable law or by that established by the companies within their offices, including with regard to managing emergencies.

Reale Chile Seguros informs its suppliers about the existing provisions within their workplaces regarding health and safety. The information is mainly provided through the hierarchical and functional organisational system, through the internal communications email service, and via the Really corporate intranet.



Workers covered by an occupational health and safety management system

100% of Reale Group workers, employees and agency workers, are covered at all workplaces by procedures and processes attributable to an Occupational Health and Safety organisation and management model based upon legal requirements and, where appropriate, also other standards/guidelines of reference.

The procedures also cover and protect all non-employee workers of third party suppliers operating at the premises of the Group companies.

The systems are assessed through internal audits and/or by safety consultants (RSPP and Medical Staff) or external inspection bodies depending on the relevant requirements.

Workplace injuries

Regarding workplace injuries, the management of incidents (injuries, near misses, hazardous situations and/or behaviours) represent, for the Group, one of the founding elements of the improvement actions for occupational health and safety, aimed at minimising injuries as much as possible for all employees and agency workers at all offices of the Group companies. In fact, any incidents are assessed from this perspective, which involves a process for analysing the causes and possible mitigation actions that can improve the safety even of non-employee workers of third party suppliers operating at the premises of the Group companies.

The main risk to which workers are subject is that linked to video terminal activity.

Commuting injuries, which occurred up until now, did not occur in transport arranged by the organisation and, therefore, are not counted in these indices.



In Italy, the HR Department collaborates with the Prevention and Protection Service, the Medical Staff and the Safety Management Function in monitoring and analysing injuries, on the commute, and in the workplace (whether this is on company premises or at the place where the Worker chooses to work in smart working mode). Dedicated system indices assess the trend over time of workplace injuries and are shared with worker Representatives.

In 2023, the trend towards a generic reduction of accidents occurring at the company premises (due mostly to accidental events and already minimal or non-existent in themselves depending on the dimension of the Companies, given the nature of the activities performed within the Group), and those while commuting, was confirmed; the latter resulted from the reduction of the possibility of occurrence of the same due to the broad use of remote working, which reduced company attendances, journeys to reach the office and journeys between sites, while the new circumstances of accidents in the location chosen by the worker to work by way of smart working was created (if not classified by INAIL as domestic accidents), to mitigate which the company strengthened its information-training activity on risk awareness (courses and information for smart workers).



The management of Workplace Injuries is set forth in the “Análisis de los daños a la salud” process.

Ley 31/1995 establishes, under art.16.3, that when workers' health is harmed or when, during health monitoring, indications emerge that the prevention measures are insufficient, the Employer launches an investigation into this, in order to identify the causes of the events.

In Spain too, the survey is extended to all incidents, including those that have not produced injuries to exposed workers, i.e. “white accidents” or “incidents”, in order to understand the development of the events, determine the reason for what happened, and plan corrective measures to eliminate the causes and avoid repetition of the same incident. Every year, the Head of Prevention (Responsable de Prevención) in Spain and the External Prevention Service (Servicios de Prevención Ajenos) review the reports of incidents that have occurred, the measures adopted, and the efficacy of these.

Regarding just those accidents that occurred in recent years in workplaces, and not those that occurred on the commute, all were classified as slight. It was not necessary to make any change to the prevention activities undertaken.



Workplace injuries at Reale Chile Seguros are monitored and analysed and in 2023 they were attributable mainly to injuries while commuting and, in the few cases of workplace injuries, they were minor and did not involve the need to be absent from work.

Furthermore, the amount of injuries dropped to threshold levels that allowed Mutual to give to the company the minimum value of the insurance premium due.



5.2.3 Social and relationship assets

The Group promotes and stimulates dialogue and solid and effective relationships with its stakeholders (Members/ Policyholders-Customers, Distribution Network, Employees, Society, Suppliers), creating positive and enduring relationships over time, aimed not only at creating consensus but also at strengthening trust and optimising decision-making processes through a better understanding of the interests and needs of each stakeholder.

The Group Companies, through their institutional and commercial role, but also Reale Group's Corporate Foundation, actively take steps in various ways to structure and promote customer care, partnership, support, impact philanthropy and sponsorship initiatives.

The actions performed by the Group and relating to the material topics of "Reputation, ethics and business integrity", "Development and enhancement of human capital and Culture of inclusion" and "Customer Centricity" are attributable to these Assets.

5.2.3.1 Customer centricity

Customer centricity, one of the priority Streams contained in the Reale Group Ambition Letter, has the goal of maintaining and improving the satisfaction and retention of Members / Policyholders-Customers through good relations and listening.

The Group is continuously engaged in planning and constructing occasions and experiences of value for the Customer in order to satisfy their expectations, establish a positive memory of the experience, and enable more effective planning of the service and products offered.

Reale Group bases its strategy regarding the centrality of the Member/Policyholder-Customer on six essential pillars:

- **Listening:** discovering issues encountered by the Member/Policyholder-Customer at each point in the relationship is a tool for identifying improvement solutions and designing products and services that meet the needs of Members / Policyholders to resolve problems and obtain advantages;
- **Culture:** Customer Centricity is a process that involves all Stakeholders, whether internal or external; the Customer-centric culture is disseminated at all corporate levels through engagement mechanisms, including via Customer Experience Ambassadors;
- **Mapping the Journey:** the continuous mapping of occasions for contact between the Group and the Member/Policyholder-Customer enables the identification of corrective plans aimed at continuous improvement;
- **Data architecture:** planning a Customer-centric data architecture, an enabling factor of Customer Centricity;
- **Indicators:** definition of indicators dedicated to measuring the quality of the relationship, supporting technical and business indicators;
- **Design thinking:** the use of the test & learn approach in order to experiment with Members/Policyholders-Customers in adopting innovative improvement solutions for their experience.

Based upon these fundamental pillars, the units that develop Customer Centrality in the various companies operate with a continuous cycle that combines understanding of the needs of customers with a review of the experience delivered to them, promoting the involvement of all business structures.

Customer understanding is based on the ability to analyse the dynamics of the customer base through analytical tools, by listening to what customers say after an experience with the service. Listening to the voice of customers occurs in two ways: the first, "Transactional" (or bottom-up), which analyses the experience of Customers through quick surveys in relation to specific events and the second, "Relationship" (or top down), which identifies, each year, the perception in terms of satisfaction and the companies' overall likelihood of being recommended.

As of today, 77 Customer Journeys (39 in Italy, 27 in Spain and 11 in Chile) have been investigated, from which more than 132,000 items of feedback were collected each year from Customers.



The data collected from these activities and from those second level feedback activities, i.e. calls to detractor Customers made by "Ambassadors" (approximately 3,100 Customers contacted by more than 80 Ambassadors and 60 Cloopers, people spread out in the various Corporate offices that manage the feedback collected via questionnaires that are sent to Members/Policyholders-Customers), contributed to defining the map of critical issues identified by Customers. This indicated the action priorities for improving the Customer Experience. The main initiatives include improvement processes of customer communication (contractual communications and communications aimed at improving the customer's understanding of the available products or services, the revision of the Customer Care processes, and the revision of the digital touchpoints available for customers (mobile apps/Reserved Area).

From the organisational perspective, 2023 also saw the establishment of the **Customer Centricity Committee**, to direct and monitor the strategies and activities aimed at pursuing customer centrality. In this sense, in line with the company strategy in relation to developments and technological transformation, various inter-functional teams were established through which the main moments in customer relationships are being redesigned.

2024 Goals

- continue to **define offerings and differentiated relationships for the priority segment**;
- continue in the **change management journey for Employees and for Branches for a culture centred on the customer** through the engagement of Top and Middle Management in Customer Experience processes and spreading the relationship Golden Rules with the Customer at Group level;
- **Outer Loop: continue to implement solutions originating from Customer feedback**, in line with the new Governance model based on a Customer Journey end-to-end revision approach;
- **introduce and develop a new collaboration model with the agency networks** with a view to jointly improving the Customer experience and effective distribution;
- **review Customer Care processes** inserting new functions for giving more accurate and faster responses by Blue Assistance operators.

During 2023 **Banca Reale** continued the activity of administering surveys to customers in order to verify the level of satisfaction of Customers with the banking services offered.

The activity of updating and redesigning the App continued, with a view to meeting the needs of Customers, improving the user experience, simplifying some procedures and issuing additional services.

In the early months of 2024 new graphical interfaces will be issued in the App, designed for more fluid browsing. Thanks to a new function, Customers will be able to activate



Home Banking and manage their own banking credentials without the need to go into Branch or to contact Customer Services. Finally, a satisfaction questionnaire will be inserted, allowing the user to provide feedback on the banking services at any time.

In addition, in 2023 Banca Reale launched the **"Bankify"** project which pursues, among its various objectives, that of improving the internal processes in order to provide an increasingly efficient service to Customers.

During 2023, **Reale Seguros** continued its customer centricity progress, consolidating the Segmentation of Value as a fundamental tool for modulating the company's efforts in the new production, renewal and remediation of the portfolio. The CRM model was evolved to Cloud technology, providing a boost to customer-centric business management, and the Agile methodology was implemented for initiatives linked to improving customer management.



The Commercial Channels were equipped with information on customer interactions with the Company, so as to be able to perform more comprehensive Customer management. The customer voice model, thanks to more than 60,000 items of feedback from customers collected during 2023, enabled the company to take direct action on detractor and promoter customers, as well as to have the information to identify the main sources of dissatisfaction.

Furthermore the new Ingood business model is allowing for additional customer profiles to be reached beyond those managed by the traditional business.

Finally, new artificial intelligence models have been developed, together with the Data Science Centre of Excellence, to improve commercial efficiency in sales of Life Risk products.

2024 Goals

- **evolve the customer value segmentation**, incorporating the Life and Ingood business information, so that the Central Areas and Distribution Channels can have a single, all-round vision;
- **Implement a Leads Management model** that will allow the company to generate, qualify and structure commercial opportunities through an omni-channel model;
- **progress in improving customer knowledge based upon artificial intelligence techniques**;
- transfer the importance, to the Central Areas and Distribution Channels, of the **availability of customer data as a pillar of the digitalisation of the Company**;
- **consolidate customer satisfaction as an axis of business transformation** identifying and taking action on sources of dissatisfaction, as well as incorporating it into the Company's variable remuneration policy.

During 2023 **Reale Chile Seguros** performed periodic surveys aimed at verifying the satisfaction of customers and involving them in the resolution of existing problems.



New surveys were implemented to measure other Customer Journeys, such as the Total Loss Claim investigation and the Non-Renewal investigation. The roadside assistance survey was also automated, increasing by 86% the number of surveys from which feedback was obtained.

In February 2024 the Client Cell 2.0 project will be launched, which introduces functionality and design improvements.

During 2024, an NPS survey will be integrated into the new portal to gather comments and recommendations that will guide the Company in making small improvements through the Agile methodology across two-week Sprints.

In addition to the improvement of the Customer Portal, the database project was launched, which aims to improve integrations between the different platforms used by Reale Chile, in order to have a clean, updated and segmented contact database of customers and brokers which will help us to be more precise in our external communication.

In addition, from 31 December 2023 the customer benefits portal will be closed. Given the assessment of the platform, it was decided to generate a new customer experience, with greater attention to segmentation and customisation of their benefits.

2024 Goals

- **start the measurement of satisfaction in Branches** to focus on improving the experience of physical channels;
- **focus on maintaining a sound customer portfolio** and continue with the **initiatives to increase customer loyalty**;
- **maintain a clean and updated contact database** which allows us to optimise all communications with brokers and customers;
- **map customer journeys and use new channels for surveys** such as WhatsApp;
- **enrich the data and information of the customer with the definition of a customer-centric database**;
- **improve the customer journey** of the customer experience in the claims area (payment, repair shop);
- **define a new communication plan** to further promote the customer-centric culture;
- **implement a customer segmentation model in line with that of the Parent**;
- **create adequate rates automatically for the customer type**.

Blue Health Center began to manage its own customers from August 2023, inheriting the income of NPS and other qualitative parameters developed in turn in synergy with the Customer Experience & Relationship Management function and Blue Assistance. In line with the group's fundamental Customer Centricity pillars, the ambition is to monitor all touch points with customers to improve our listening to the needs of users, the ability to react to any reports and to improve the available products.

The uniqueness of the Blue Health Center products is their 100% digital delivery which enables the information gathering aimed at product improvement to be expanded. The main activities in 2023 include the establishment of a new key product of the company, QuraKare.

2024 Goals

- **consolidate the customer value segmentation in the Company and in the regional commercial network**;
- **improve the experience of the customer** through proactive management of processes that impact customer relations;
- **concentrate on retaining the Company's most valuable customers**, mainly GOLD and SILVER customers;
- **reach new customer profiles based on new business models** (Ingood);
- **exploit the advanced analysis of data to improve commercial efficiency** (Xselling Life model).



5.2.3.2 Reputation, ethics, and integrity in business

Various factors relate to the wider issue of “Reputation, ethics, and integrity of the business”: ethics, reliability, governance, transparency, management of relationships with Stakeholders, and tools and procedures implemented by the organisation with the purpose of preventing offences and any tax and legal disputes.

The Reputation of an organisation is defined as the merging of expectations, perceptions, and opinions developed by its Stakeholders, with reference to its qualities, features, and conduct. It is formed over time based on the experiences and judgements of its Stakeholders and is founded on conduct and actions actually undertaken by the organisation, as well as services distributed.

The concept of “Reputation” is therefore broad and complex and may assume different meanings based upon the context; in business, it represents the consideration or esteem enjoyed by a company in society, not representing an intrinsic characteristic, but the consequence of its actions and relationships.

Reale Group acts in the market by pursuing solid results, correctly and transparently, responsibly assuming the consequences of its actions and decisions, and implementing any necessary measures to avoid any improper behaviour that may harm its reputation. The pursuit of economic and social development based on respect for rights, professional ethics, and business transparency is essential for Reale Group. To this end, the Group, in addition to complying with all the applicable legislation, recognises the importance of ensuring the observance of internal and external codes of conduct and professional ethical principles.

Only through the creation and consolidation of a full relationship of transparency and trust with its Stakeholders and, first of all, Members/Policyholders-Customers, can the goals of long-term economic and asset stability actually be pursued and achieved.

In this context, Reale Group has its own Group Code of Ethics, Organisational Models to prevent offences, and the Supplier Code of Conduct, and declares that it does not tolerate any form of corruption.

In an era characterised by rapid changes and by a continuous evolution of Stakeholder expectations, the Group considers the maintenance of a solid and reliable reputation to be a key element for long-term success. This not only allows Reale Group to build and maintain Stakeholder loyalty, but also to stand out in a highly competitive market as a reliable partner.

The measurement and constant monitoring of reputation offer the opportunity to identify proactively areas for improvement, allowing the organisation to adapt rapidly to the needs of the market and to the expectations of Stakeholders. Therefore, Reale Group considers it fundamentally important to monitor periodically the external perception linked to its reputation to maintain a solid bond of loyalty and trust



Since 2017 **measurement of Reputation** in Spain

> Extended to Italian companies from 2020

built with its stakeholders through its institutional and commercial relationships, as employer and service provider.

Aware of the increasing value that intangible assets hold for Stakeholders today (Purpose, Customer Experience, ESG Policies, etc.), Reale Group undertook, first in Spain in 2017 and since 2020 in the Italian Group companies too, **a path aimed at measuring, managing, and enhancing its reputation.**

Reale Chile Seguros does not yet currently have a reputation monitoring tool.

The project set itself the following measurement and monitoring objectives of indicators linked to:

- **Corporate Reputation:** Stakeholder listening tool which makes it possible to define the Group communication strategies based on expectations expressed by them;
- **Employer Reputation:** definition, construction, and activation of the Employer Value Proposition (EVP), in line with the expectations of talent to be attracted;
- **ESG Reputation Score:** measuring an ESG Reputation Score, with a focus on the three ESG factors (Environmental, Social, Governance).

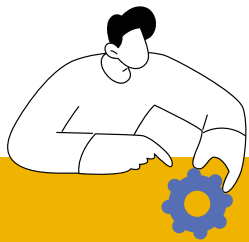
During 2023, interviews with the public in Italy and in Spain were conducted, according to the RepTrak® analysis model, which revealed the following findings:



The Brand Reputation index related to the Italian companies at 31 December 2023 stands at 68.6, tending to be stable (-0.6 points) compared to the previous year (69.2) and up (+0.9 points) on 2021.



The Brand Reputation index related to the Spanish companies at 31 December 2023 stands at 63.3, also in line (+0.3 points) with 2022 (63.0) and down (-1.8 points) on 2021.



Brand Reputation

POOR 0-39

WEAK 40-59

AVERAGE 60-69

STRONG 70-79

EXCELLENT 80+

Reale Group demonstrated in 2023 that it was obtaining competitive levels of support, particularly when considering the generalised collapse of reputation levels of enterprises at country level, not considered particularly “responsive” to the needs perceived by the public (inflation, recession, social and civil rights, new ways of working and fight against climate change).

In that context, however, Reale Group stood out due to its solid reputation: in particular, the dimensions of the “Licence to operate” (benefit of the doubt and loyalty) and “Attractiveness” (investment) are very high as they are conceptually more linked to the “corporate governance” elements on which Reale has worked and continues to work very well.



At the end of 2023, the reputational profile of the Italian Group is that of an organisation which enjoys the best perception of the insurance sector in terms of the "Social" dimension (Workplace, Conduct and Citizenship) also due to the various activities that have contributed positively to increasing the Group's ESG reputation level.

The most significant include, the **promotion of the Mutuality Prize**, the publication of the **first Impact Report** after acquiring the qualification of Benefit Corporation, the **sponsorship of the International Festival of Economics in Turin 2023**, **support to the flooded communities of Emilia-Romagna** and **support to major national sporting events such as the Tennis internationals, DeeJay Ten** and others.

In Spain too, the communication of projects supported and sponsored in the region represented the main tool for improving the reputation indicators since it enabled the creation and development of positive and ethical relationships with Stakeholders.



Reale Group is **a top performer** in the insurance sector for the **"Social"** dimension (Workplace, Conduct and Citizenship)

ESG FOCUS

The **reputation** of Reale Group of the Italian companies, with reference to **ESG themes**, at 31 December 2023, stood at **68.4**, stable (+0.1 points) compared to the previous year, and up (+0.9 points) compared to 2021.

- Reputation in relation to environmental impact (E): 67.9 (+0.5 vs. 2022);
- Reputation in relation to social services (S): 69.2 (+0.3 vs. 2022);
- Reputation in relation to governance standards (G): 68.2 (-0.2 vs. 2022).

The ESG score of Reale Group Italy is stable compared to last year across all three dimensions.

The Group guides the Italian insurance sector in terms of perceived ESG, and the gap further increased in 2023, thus confirming the competitive advantage of Reale Group in this area.

The reputation of Reale Seguros in Spain with reference to ESG issues in 2023 stood at 63.9, up compared to 2022 (63.0) but down compared to 2021:

- Reputation in relation to environmental impact (E): 63.0 (62.0 in 2022);
- Reputation in relation to social services (S): 64.7 (63.7 in 2022);
- Reputation in relation to governance standards (G): 64.0 (63.3 in 2022).





Media Coverage

2,140
releases

External **communication** is an important tool for creating and developing relationships with Stakeholders that contribute to strengthening the Reale Group reputation in Italy, Spain and Chile.

Relations with media organisations were consolidated through continuous, effective and transparent interaction and communication, with the goal of continuing to consolidate the Group's value positioning and spreading information on strategies, promoting its main projects.

Reale Group continuously focuses on monitoring national and international, local and sector press on the web, radio and television, and social media. It produces a daily press review dedicated to internal and external stakeholders which provides accurate information on anything involving and occurring within the organisation and keeps readers informed about the main news of shared interest (domestic and foreign policy, economics, finance, insurance, sustainability, innovation, etc.)

During 2023, Reale Group obtained media coverage with **2,140 items** on different platforms, including the press, radio, television and the internet.

Despite a slight reduction compared to the previous year (2,202 total items), the results are confirmed to be positive.

The assessment of sentiment remained positively stable at 41%, confirming the effectiveness and favourable perception of the company image in public opinion. This fact emphasises the solidity of the Group's reputation and its positive impact on stakeholders.

The most successful subjects concerned news in the corporate area, cultural sponsorships and sustainable investment policies, followed by news about products. The news regarding the acquisition of the qualification of Benefit Corporation was particularly significant, along with the support of the International Festival of Economics. The year 2023 thus confirms the stability of Reale Group's media value, confirming its positive impact and constant interest in the company on the various communication platforms.



64,000
LinkedIn followers

The Group's social media account on the LinkedIn platform, in 2023, reached **64,000 followers**, recording an increase of 3% on 2022. The acquisition of new followers had a uniform trend throughout the year, with an acceleration in the months of October and November due to the presence of a higher number of events and initiatives.

The most performing features were those relating to institutional news, particularly those linked to the Group's financial movements (joint ventures, acquisitions, financial budgets, etc.) together with those on themes of sustainability, a topic particularly followed by the community.



REPUTATIONAL RISK

In terms of Solvency II, the European Union defines reputational risk as “the risk of potential losses for a company due to a deterioration in its reputation or reliability owing to a negative perception of the image of the company itself among customers, counterparties, shareholders, and/or supervisory authorities”.

As far as regards Italy, reputational risks were defined by IVASS as “the risks of damage to the company's image and increase in conflict with policyholders, in part due to the provision of services that are not up to standard, inadequacy of policies or of behaviour during sales, after-sales and settlement”.

For Reale Group, the management of reputational risk is continuous and is governed through two **distinct operating models**:

- the first, aimed at the **preventative identification and management of risks from which damage to the reputation of one or more Group companies may derive** (pre-reputational risk management model);
- the second, based on **managing a specific event that has already occurred and aimed at eliminating or mitigating reputational damage that has resulted or may result** (post-reputational risk management model).

Ex-ante management of reputational risk

The first ex ante management safeguard of the reputational risk is represented by the set of values, rules, procedures, control techniques and organisational structures that contribute to guaranteeing the correct functioning and proper performance of the business, regulating its behaviours and creating a set of useful information for the comprehensive management of the system of risks.

Reale Group considers reputation as an asset to be protected over time through the dissemination, sharing and observance of the principles and values contained in the relevant legislation indicated in this document. This includes, for example, the Code of Ethics and the Group Regulations, which represent the essential tools for guiding the Companies' and individuals' operations in pursuing the corporate goals with honest and fair conduct and methods in line with the culture of the company founded on the Parent company's mutualistic nature.

Reale Group undertakes to pursue the interest of the Stakeholders in compliance with specific procedures for defining and tracing decisions and reporting mechanisms adopted (see, for example, delegation system, statutory financial statements, comprehensive consolidated financial statements, sector policies) **and in compliance with the best ethical and professional practices**; in addition, **it abstains from behaviour aimed at obtaining personal advantages, avoiding the creation of actual or potential conflicts of interest** (see, for example, Code of Ethics) **and is actively and fairly positioned on the market in compliance with laws, regulations or internal and external codes of conduct** (see, for example, the Supplier Code of Conduct, the policy on the fitness requirements and criteria indicated in Art. 76 of the Private Insurance Code and related implementing provisions - fit&proper, remuneration policy pursuant to IVASS Regulation no. 38 of 3 July 2018).

The second safeguard in the ex-ante management of reputational risk is the qualitative analysis of operational risks, risks of non-compliance with the law, infection and reputational risks, based on two distinct and complementary approaches.

The first approach is focused on a “**bottom up**” logic, based upon a risk assessment methodology, while the second approach is based upon a “**top down**” type methodology and is focused on the use of the self-detection Macro Check List tool, compiled by Senior Management with the support of the Group Risk Management function, Group actuarial function and validation, Group Compliance, Group Anti-Money Laundering, Group Internal Audit, Information Security and Data Protection, Sustainability and is aimed at analysing the Group’s risk profile, including reputational, in a logic of strategic nature.

Ex-post management of reputational risk

Since it is not always possible to predict events with a potential or definite reputational impact, the Group has appropriate tools to promptly manage these events, anticipating or mitigating the adverse effects thereof.

In the post-reputational risk management process, Reale Group establishes procedures and bodies aimed at managing specific events with a possible or definite reputational impact as a first defence, with the aim of responding promptly and effectively to situations of criticality, as well as defining appropriate counter measures and mitigation actions.

TRANSPARENCY

Corporate Governance, including through setting up Committees, ensures that the IT assets of the Group are not the monopoly of the few, but are distributed among several people in order to enable their sharing and guarantee the transparency thereof. Transparency is, in fact, an essential principle for Reale Group, both in terms of responsibility and maintenance of a good reputation in relation to Stakeholders. The transfer of information to the Board of Directors, the nerve centre for decision-making, is a necessity and a duty; the information must be the clearest, most exhaustive, timely and complete possible.

Communication to society is also based on maximum transparency and truthfulness. Transparency in relation to Employees also occurs through the regular publication of information on new hires, changes in tasks, and internal promotions. Transparency in relation to Members/Policyholders-Customers is implemented according to different methods, for example providing punctual information on websites, in the reserved areas, and on apps.

Contracts are prepared in a simple and clear manner, to ease understanding of the features of the products/services offered, as required by the law in force. In terms of transparency initiatives, the establishment of the “**Policyholders’ Ombudsman**”, founded in 1995 in Reale Mutua and, as of 2014, also operating for Italiana Assicurazioni, should be highlighted. This is an independent and impartial body with the purpose of resolving any disputes between the Company and Policyholder, through a smooth procedure with minimal formalities and no cost for the Policyholders.

Since **1995**

The “**Commissione di Garanzia dell’Assicurato**” resolves disputes between the Company and the Policyholder > since **2014** also active at **Italiana Assicurazioni**



It consists of three legal experts of recognised standing who do not have professional relationships with the companies. Both natural persons (for appeals up to €60,000) and associations and companies (appeals up to € 160,000) may appeal to the body. The report on the activities of the **Policyholders' Ombudsman**, relating to the period 1/11/2022 – 31/10/2023, and indicating the numbers and types of claims, was presented to the Meeting of Delegates on 2 December 2023.

Reference period 1/11/22 - 31/10/23

	TOTAL	REALE MUTUA	ITALIANA ASSICURAZIONI
Appeals received	39	33	6
Appeals settled	37	31	6
Accepted	7	6	1
Cases already closed	9	9	0
Inadmissible	1	0	1
Cannot be processed	0	0	0
Rejected	20	16	4

At the date of 31 October 2023 11 appeals are pending in anticipation of completing the investigation.

Communication of critical issues

In compliance with and in line with Reale Group's Purpose, Vision and Mission, the management activity of products and services of the Group has customer satisfaction as one of its goals. Precisely in pursuing this goal, Reale Group dedicates special attention to users, ensuring continuous analysis and assessment of complaints received, in order to undertake suitable initiatives to improve the quality of its products and services.

In particular, the written complaint represents a statement of dissatisfaction with the insurance company or insurance broker relating to a contract or an insurance service; requests for information and clarification, in contrast, are met using the specific organisational protections of each Group Company.

To fully pursue the aims described above, the Group's Italian insurance Companies (Reale Mutua and Italiana Assicurazioni), for which detailed regulations are envisaged in this regard (ISVAP Regulation no. 24 of 19 May 2008), have for a while been equipped with specific policies and procedures for managing written complaints, which are aimed at defining the responsibilities, tasks, information flows, and timing for carrying out the activities, which stand on average at 15 days, well below the timing envisaged by the regulations (45 days), and the interactions between organisations involved for responding to those who file complaints. In addition, a special organisational unit was established for the operational management of the Reale Mutua and Italiana Assicurazioni complaints management process.

Every six months, the Administrative Bodies of those Companies receive a report, in compliance with the Regulation cited above, from the respective Internal Audit departments. Its goal is to monitor progress, both quantitatively and qualitatively, and complaints received by Companies, as well as to analyse the issues at the root of the complaints, illustrating any organisational or process gaps and proposing suitable corrective measures.

These reports are examined, in advance, by the various company areas concerned, by the Group Control and Risks Committee, the Boards of Statutory Auditors, and the General Management bodies of the individual companies.

The nature of the complaints is generally attributable to the following corporate areas: commercial, liquidation, industrial, administrative, legal and IT. Each area is required to carry out, during the year, continuous monitoring of the complaints in its remit, with particular focus on issues underlying complaints, any organisational or process gaps, and any corrective measures previously identified.

With reference to **Banca Reale**, the Bank of Italy provisions of 29 July 2009, as amended, concerning “Transparency of banking operations and services - correctness of relationships between brokers and customers” envisage, in relation to complaints, specific procedures and fulfilments aimed at providing prompt and comprehensive responses to customers.

In particular, Banca Reale had adopted procedures that envisage:

- forms of complaint submission and response, including ordinary post, email and certified email;
- free of charge action for the customer;
- complaints handling manuals and/or policies;
- maximum response times (Measure of the Bank of Italy dated 19 March 2019) fixed at 60 days for banking and financial services, while shortened response times are envisaged for some specific areas or activities;
- cataloguing, in a specific register, of the essential points, and of any remedies, of each complaint received.

Effective complaints handling allows the Bank to identify promptly the causes that led to the customer’s dissatisfaction and consequently to initiate the appropriate corrective actions. This is in line with the objective of correct and prudent complaints management and reduction of operational, reputational and legal risks by improving the bank-customer relationship.

Banca Reale, to guarantee that complaints handling is carried out with the necessary attention, also has a specific Complaints Department.

Below we provide a summary in terms of numbers regarding complaints received during 2023.

Italy (Reale Mutua, Italiana, Banca Reale)	3,614
Spain (Reale Seguros, Reale Vida)	2,647
Chile (Reale Chile Seguros)	1,063
TOTAL	7,324

A further safeguard, to prevent offences that may have a reputational impact, are the organisational models produced by the Reale Group Companies, with specific reference to offences that may lead to the administrative (Italy) or criminal (Spain, Chile) liability of legal entities deriving from crime, as set forth by national laws. Furthermore, these models are intended to prevent any conduct that contradicts the ethical/social principles of Reale Group, including through training and provision of information.

The crimes that may trigger the liability of the company include those relating to active and passive corruption, both in the public sector and in the private one.

The laws on the liability of legal entities deriving from a crime, in fact, stipulate that liability be assigned to companies in the case of crimes of corruption in relation to public officials or those appointed to fulfil a public service committed by persons operating on behalf of the company itself, as with liability for crimes of corruption among private parties, for example for the purchase/sale of a product/service.



The Group Companies, therefore, possess a system of rules to combat active and passive corruption, as much in the public sector as in the private one, through the 231/2001 Model in Italy, the Modelo de organización, gestión y control in Spain, and the Modelo de prevención de delitos in Chile. These documents are provided to all staff on the Really platform.

The Group Companies have adopted their own Model based on the guidelines proposed by the Parent company. These are adapted to their needs and/or according to local regulations, the indications prescribed by the respective Supervisory authorities (where present) and/or Trade associations and, according to their size and activities carried out, the applicability of the various categories of predicate crimes in force.

The Supervisory Board of each Group Company periodically receives information, aimed at verifying the use of financial resources by the same and assessing any anomalous behaviour, even if not necessarily illegal. During 2023, the Group companies in Italy and in Spain updated their organisational models, adapting them to the new laws and suggestions formulated by external professionals appointed to assess their adoption and effective implementation in practical terms.

Reale Chile Seguros started, in 2022, the preparation of the Special Section of its "Modelo de Prevención de Delitos", which deals specifically with the different examples of predicate crimes and the suggestions designed to mitigate exposure to risks and prevent crimes. Some Sections have been defined, in relation to some circumstances of crime; the analysis of the new circumstances introduced in 2023 is underway, for which the entry into force on 1 September 2024 is planned.

The Group Companies have prepared specific contractual clauses in relation to service providers, suppliers, outsourcers, consultants, etc., through which the counterparty commits to operate legally and to comply, and ensure compliance, with the Group Code of Ethics and the Organisation, Management and Control Model of the company on whose behalf it operates. The mandate letters for Agents (Italy and Spain) contain a specific annex illustrating legal provisions and related models and compliance with the principles enshrined in the Group Code of Ethics and the Model of the company to which they belong.

In the agency mandate, there is a similar legality and transparency clause stipulated for service providers, consultants, and suppliers. The Reale Group company models stipulate systems for reporting breaches right from their adoption.

From 29 December 2017, the date of entry into force in Italy of the law on *whistleblowing* (Law 179/2017), the Models of the Group's Italian companies have been adjusted to that rule, which required 231 Models to envisage channels for recipients of the Models of the Group Companies in Italy to report the commission of crimes or violations and which guarantee the protection of the confidentiality of those making the reports. All Group Companies have, in turn, implemented a specific application for the handling of reports, which protects the confidentiality of the whistleblower.

With the gradual entry into force of Legislative Decree no. 24/2023 during 2023 (15 July for companies with more than 250 employees, 17 December for those with fewer than 250 employees and for those with fewer than 50 employees which have an organisational model), which implements Directive (EU) no. 2019/1937 on the protection of persons who report breaches, the Group companies in Italy have adjusted to the same, according to their dimensions, from the date of applicability of the rule; they have modified their Organisational Models and created specific procedures for managing reports of offences and appointed their own Manager, as well as adjusting the IT platform for the management of reports to the regulatory and procedural requirements.

In addition to the internal channel, envisaged by the rule, the whistleblower may also use the external channel, established and managed by ANAC, or disclose the report publicly.

The most significant innovation concerned the identification of the person in charge of managing the internal reporting channel; in this regard, the Board of Directors of each Group company in Italy has appointed its own Internal Reporting Channel Manager (GCSI), in collegial form.

Similarly in Spain, with the entry into force, on 13 March 2023, of Ley n.2/2023, incorporating Directive (EU) no. 2019/1937, the whistleblower management systems have been adjusted by the Group companies in Spain.

With regard to Reale Chile Seguros, the company has established a whistleblower management system analogous to that of the other Group companies, albeit that there is no specific regulation in this regard.

During the 2023 financial year, following the aforementioned change of legislation, there was dual management (Italy and Spain): the first, according to the systems adopted pre Legislative Decree 24/2023 and Ley 2/2023 until the date of entry into force of the new rules for each company; the second, adjusted to the requirements of Legislative Decree 24/2023 and 2/2023. The data are therefore broken down between the two management forms.

Reports regarding the Italian Group Companies - 2023

With regard to reports received prior to the entry into force of Legislative Decree 24/2023, five were received, through the application specifically dedicated to collecting reports, via the electronic mailboxes of the Supervisory Boards, the reporting inboxes relating to alleged breaches of the Group Code of Ethics and by ordinary/conventional post.

Of these, two were considered admissible and handled, while the remaining three related to complaints and were thus transferred to the departments responsible. With regard to reports received after the entry into force of Legislative Decree 24/2023, three were received, two of which were admissible, handled by the respective Managers (GCSI); the remainder were found not to be admissible, as they concerned complaints, and were transferred to the department responsible.

Reports regarding the Spanish Group Companies - 2023

20 reports were received, of which 4 were not relevant; the remaining 16 were managed by the departments responsible.

Reports regarding Reale Chile Seguros - 2023

One report was received which was managed by the Supervisory Body of the company, which was found not to be admissible.

TRAINING

In 2023, in Italy no new training was given to employees concerning Legislative Decree no.231/2001 (Italy), L.O. 5/2010 and 1/2015 (Spain) and Ley 20.393 (Chile), nor in relation to anti-corruption. In any case, all new hires at the Group companies must complete and pass mandatory courses on the prevention of crimes envisaged by the rules indicated above. Similarly, no courses were organised in relation to anti-corruption intended for the corporate bodies.

However, each Group company that has adopted its own organisational model for prevention of the crimes envisaged by the rules of the countries in which those companies are based, through the respective Supervisory Board, provides on a regular basis (the insurance companies on a half-yearly basis, the other Group companies once a year) to the respective Boards of Directors a report on the functioning and implementation of the crime prevention model and the related regulatory updates in detail so as to guarantee constant information to the bodies in charge, as required by the applicable rules. Due to how it is structured, this information constitutes an opportunity for training as well as informing and governing in relation to anti-corruption activity and corporate crime prevention.



GRI 205-2A COMMUNICATION AND TRAINING ABOUT ANTI-CORRUPTION POLICIES AND PROCEDURES - GOVERNANCE BODY MEMBERS

GRI 205-2a	2023			2022		
	Number of persons trained	Total hours of training	% of people	Number of persons trained	Total hours of training	% of people
Governance bodies	9	36.8	14.3%	39	117	62.90%

As far as regards communication of **anti-corruption policies and procedures** to Suppliers and commercial partners in the general conditions of supply contracts, there is a specific clause that refers to the 231 Model and the Code of Ethics, providing specific links to the documents, in addition to the specific legality and transparency clause.

All Group employees have been provided, via the Really platform, with the **Organisational model** of the company to which they belong, prepared on the basis of local regulations and kept constantly updated; furthermore, the communication on policies and procedures relating to anti-corruption is guaranteed by the contents of the training course on the subject and by the communications sent to employees when publishing the updated documents.

Of those activities carried out to prevent offences, we highlight the attention of each Group Company regarding training Employees, the direct Distribution Network of the companies, and financial advisors operating on behalf of Banca Reale.

In 2023, training of the Reale Mutua and Italiana Assicurazioni distribution network continued with a specific course delivered both online and remotely (webinar or virtual classroom).

The organisational model and, in general, compliance programmes are key elements for the risk-based approach in managing the company and represent an essential element of the corporate organisation.

Both domestically and internationally, including through the introduction of laws that enshrine the criminal liability of legal entities, the role of these compliance programmes, as elements in preventing and managing company and sustainability risks, has been expanded. These laws prompt entities to conduct prevention through the organisation of corporate best practices, starting from the assumption that a good organisation also has the purpose of guiding the company to the best result by simultaneously preventing illegal conduct or behaviour.

Precisely due to their nature, organisational/crime prevention models were prepared for the assessment of criminal risks. Having considered the cross-business nature and impact on activities at different levels of reputational risk, the models take into account (since these risks are not easy to measure) the latter type of risk too, there being an interrelation between reputational risk and the manifestation of other risk phenomena.

The risks present in Legislative Decree 231/2001 are consistently mapped within the "macro-Check List". This is a tool for analysing the risk profile and assessing the suitability of the risk management system in terms of the present and future, through which senior management expresses its own assessment in strategic terms.

GRI 205-2B COMMUNICATION AND TRAINING ABOUT ANTI-CORRUPTION POLICIES AND PROCEDURES - EMPLOYEE CATEGORY

GRI 205-2b	2023		2022	
	Number of persons trained	Hours of training	Number of persons trained	Hours of training
Office staff	928	6,995.10	1,100	3,668.9
Middle Management/Supervisors	414	2,673.80	421	1,238.5
Management	47	251.25	50	156.5
Total	1,389	9,920.15	1,571	5,063.8

NFD LITIGATION

In addition to cases involving insurance issues, litigation is in course with former employees and co-workers of the Group and with the agency network. Provisions for risks and charges at 31 December 2023 are sufficient to cover the liabilities deriving from lawsuits in course.

With regard to tax litigation, below is an update of the main cases still pending during 2023:

- Reale Immobili has some ongoing disputes with reference to the redetermination of the pro-rata deductibility of VAT. In particular, with reference to the year 2011, the dispute is pending in the Court of Cassation; with reference to the additional years 2014-2017, the Company won at the appeal stage. At the preparation date of the financial statements, the terms have not yet elapsed for submission of the appeal by the Revenue Agency;
- the incorporated Uniqa Life has disputes relating to the 2015 and 2016 tax periods, concerning IRES and IRAP, on the deductibility of some costs relating to issue spreads and bond trading. With reference to 2015, the Company won at the appeal stage; with reference to 2016, the Company won at first instance and is waiting to receive the reimbursement;
- with regard to the Spanish companies, the dispute relating to the 2014-2017 tax periods is pending before the *"Tribunal Económico-Administrativo"*. In March, the Spanish tax authority extended the tax audit, already in progress with reference to the year 2017 on Reale Seguros, concerning direct taxes, also to the year 2018. The two tax audits will conclude in the first quarter of 2024.

SUPPLY CHAIN MANAGEMENT

Another aspect of fundamental importance in preventing reputational risks linked to ethics and business integrity is an effective and transparent supply chain management.

Reale Group recognises the importance of ensuring compliance with legal provisions and with internal and external codes of conduct, firmly convinced that respecting rules and fairness in business practices are fundamental elements in the pursuit of common goals. Such goals are based on trust and transparency as well as competence.

Reale Group promotes the responsible management of its supply chain, which is based on principles of fairness, respect for roles, and sharing of business management principles. It undertakes to choose those suppliers who responsibly manage environmental and social impacts, who protect the rights of their workers, and who also promote these demands among their sub-suppliers.

Reale Group considers the customer-supplier relationship to be a partnership based on respect of professional ethics and mutual rules of conduct.



Letters to the Stakeholders

Introduction and information on performance

Stakeholders and materiality

Governance

Value and asset creation

Appendix

Consolidated accounting schedules

Notes to the financial statements

Impact report

PSI report

Reports of the Independent Auditors

The creation of a network of long-lasting and mutually satisfying relationships with qualified suppliers is, for Reale Group, a strategic goal and source of competitive success. In its supplier selection and assessment criteria, Reale Group follows precise rules, which guide the identification of the specifics of the good or service to be purchased, the use of procedures for accessing the market so as to avoid misunderstandings and situations of privilege, the definition of objective selection criteria, respect for the agreements entered into, and absolute independence in relationships between parties.

Regarding the choice of suppliers, only those who demonstrate that they possess the technical, economic and organisational requirements needed to perform the service, as a result of a qualification process, are chosen.

The Group undertakes to favour those suppliers that are able to demonstrate responsibly the environmental and social impacts, protect the rights of their workers, and also promote these demands among their sub-supplier network. This commitment materialises through a series of measures which transfer to suppliers the values of mutuality and sustainability that inspire the Group's actions.

To this end, through the platform used for managing the register, suppliers listed on the register read the Group's Code of Ethics, the Supplier Code of Conduct and the Group Guidelines on the environment.

The information requested from suppliers during the accreditation phase for the register, which is periodically reviewed, include that relating to the environmental and social sustainability certifications held by the supplier.

This information is used both for the initial identification of the most virtuous suppliers from the sustainability perspective among those listed in the register and in the tender phase when the ordering function (internal client) requests particular sustainability requirements from the supplier.

Finally, again with the aim of promoting the creation of a value chain line with principles of sustainability and mutuality, the Group Purchasing Regulation lays down, for some particularly significant product categories, compliance with strict environmental standards.

The separation of roles, in the various operating and decision-making stages of the purchase process, is the main management tool for ensuring fairness, transparency, and control in the supplier relationship, preventing individual advantage throughout these stages.

The responsibility of those who define the characteristics of the products or services to be purchased is separate from the responsibility of those who launch, negotiate, and conclude the commercial negotiations with suppliers, by entering into a contract.

Depending on the needs expressed by the various functions of the Group companies, the Suppliers included in the "indirect purchases" scope, are Companies specialised in the supply of services and products in the Marketing and Advertising, Travel and events, Building, General services, Employee services, Professional services, and ICT services expenditure categories. Italy and Spain strongly predominate in the geographical distribution of suppliers, with a relative presence in the rest of Europe.

In 2023 there were no changes to the organisation of the supply chain and there were no reports for other significant business relationships.

All the expenditure categories that are part of the "indirect purchases" category, such as IT and communication, marketing and advertising expenses and those for travel and events, company headquarters and peripheral offices, general services and employee services, professional services or outsourcing, fall within the scope of the Group Purchasing Department purchasing authorities.

Intragroup transactions and purchases defined as “direct”, such as expenses connected with managing claims or directly connected to the core business of each Group Company, are excluded from the scope.

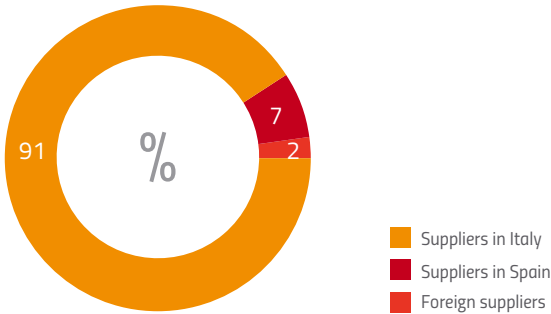
The Companies falling within the corporate scope of the Purchasing Department are the Parent company Reale Mutua and Italiana Assicurazioni as insurance companies, Reale ITES and Reale Ites Esp as IT service companies, Blue Assistance as a service company for planning, implementing, and delivering assistance to the person, family, and their assets, Blue Health Center - a company established in summer 2023, wholly owned by Blue Assistance SpA - to offer digital solutions to guide, organise and provide innovative performances for the person, through the partnered network. Italex as a brokerage company for the sale of insurance products and for the promotion of pension and welfare protection.

Within the Reale Group value chain, the Group Purchasing Department takes care of those activities aimed at purchasing, from external private sector suppliers, goods and services needed in order to meet the Group’s needs.

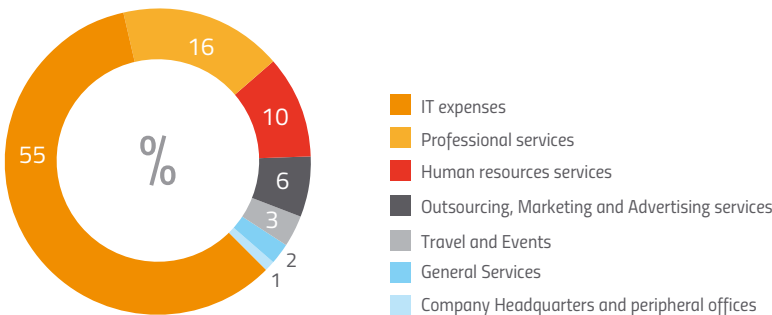
It aims to ensure efficacy, efficiency, compliance, and quality of the procurement process via a double role of internal “advisor” and process “guarantor”. It never takes the final decision in the purchasing process but expresses the relevant recommendations to the Business Unit (Budget Expenditure Centre) responsible for the expense, which is tasked with the final choice. The purchasing process for goods and services is a structured, interactive process founded on collaboration and group work among the various stakeholders involved and the Purchasing Department.

It has the goal of identifying the best procurement solutions, considering and finding the correct and satisfying balance between all the significant elements, so as to contribute to the Group’s competitiveness and development.

In 2023, the **total expenditure managed by the Purchasing Department** to meet the needs of the Companies in the scope stood at € 237 million, with a breakdown of 91% in relation to Suppliers in Italy, 7% in relation to Suppliers in Spain, and the remaining 2% other foreign Suppliers.



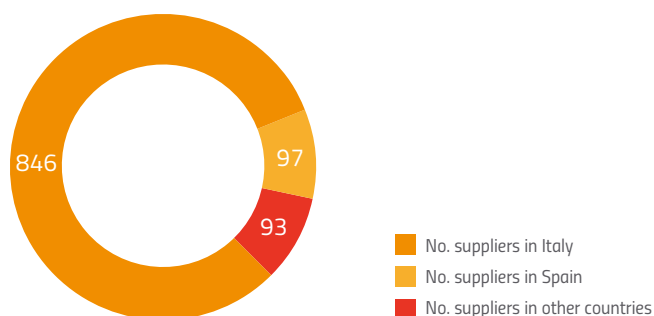
As far as regards **expenditure categories**, IT Expenses accounted for 55% of the total, Professional Services 16%, Human Resource Services 10%, Outsourcing and Marketing and Advertising Services 6% each, Travel and events 3%, General Services 2%, Company Headquarters and peripheral offices 1%.





It should be specified that these data refer to the ordered amount and not the actual amount recognised and that they include VAT and that the expenditure figure includes both costs and investments.

The total number of **Suppliers involved** in 2023 was 1,036 (1,075 in 2022), broken down into 846 in Italy, 97 in Spain, and 93 in other foreign countries. The total value of the orders was € 237 million.



In terms of volume band ordered: 3.8% with amounts > €1 million, 19.9% with amounts between € 999,000 and € 100,000, and the remaining 76.4% with amounts < € 100,000.

As far as regards purchases, 21% was directed to Local Suppliers (suppliers with their registered office within a radius of 50km from the Reale Mutua Turin Office: for Reale Mutua, ITES Italy, Blue Assistance, BHC (from August 2023); for Italiana Assicurazioni in relation to the Italiana Assicurazioni headquarters in Milan; for ITES Spain in relation to the Madrid headquarters).

In terms of expenditure category, the main amount refers to ICT purchases standing at €139 million (including € 6.4 million in hardware); other significant categories were Outsourcing services at € 22 million and Consulting services at € 19 million.

The beneficiaries of the Purchasing Department activities are the Beneficiary Organisational Units at the various Companies within the Group's scope, i.e. those that are owners of the need and related expenditure budget, final users of the good/service. For this reason, they are responsible for the operational management of the supply contract, for verifying the performances of the supplier, for noting any breaches of the service level agreement (SLA) contractually envisaged, proceeding, where necessary, to report the same promptly to the Purchasing Department which will proceed - having performed the due checks - to manage the disputes and to rectify the irregularities with possible involvement of the Contracting/Legal and Litigation Departments.

As far as regards the **"other significant business reports"** and **"the description of substantial changes made to the sectors, value chain and other business relationships of the organisation"** in relation to the reporting period, no changes are noted.

5.2.3.3 Community support and Impact philanthropy

Reale Group has continuous, proactive, and transparent relationships with the community and regional organisations and institutions; this enables the Group to confront new challenges, innovate processes, defining a more competitive business model attentive to the needs of its Stakeholders. The concrete support of people, families, companies, and non-profit organisations passes through the involvement and continuous and structured listening of all the partners involved. Taking care of people to create a better world, contributing to achieving the Sustainable Development Goals of the United Nations 2030 Agenda, is the mission that guides the actions of **Reale Foundation**, Reale Group's corporate foundation.

Established on 24 October 2017 as a result of the experience of Fundación Reale in Spain, which had been active in Spain since 1998 with the goal of developing community engagement activities, it adopts a structured and systemic sustainability strategy for managing donations to initiatives addressing the community according to a shared approach of detailed direction, coordination, and verification of the destinations of all the donations.

Reale Group’s impact philanthropy manifests mainly through three pillars:

- the operations of Reale Foundation;
- corporate volunteering;
- the distribution of donations decided upon by the Boards of Directors of the Group companies.








The **Group Sustainability Committee**, Patrons Committee, and Operating Committee of the Foundation have the task of proposing and validating the programmes and projects to be implemented through Reale Foundation, ensuring their alignment with the ethical principles and sustainability goals that guide Reale Group.

The **Patrons Committee** is the Reale Foundation Governance Body and is composed of a designated representative from each participating Group Company; the Patrons Committee is joined by an Arbitration Committee, whose role is to check the alignment of Foundation activities with the ethical principles that guide the Group.

In addition, Reale Foundation established an **Operating Committee**, composed of representatives of the Group’s businesses, with consultative functions and with the task of analysing project proposals and the annual schedule to present to the Patrons Committee.

The Foundation, whose operations are ensured by the Group’s Sustainability and Institutional Communication Division, receives a contribution from the Companies in the consolidation perimeter every year. The level of this contribution is established by the individual Boards of Directors, within the overall maximum limit, for the whole Group, of 1% of the consolidated net profit. With reference to 2023, this amount was used to fund initiatives to support the communities where Reale Group is present and operates in Italy, Spain and Chile, through what is set forth in the **Implementation Plan**.

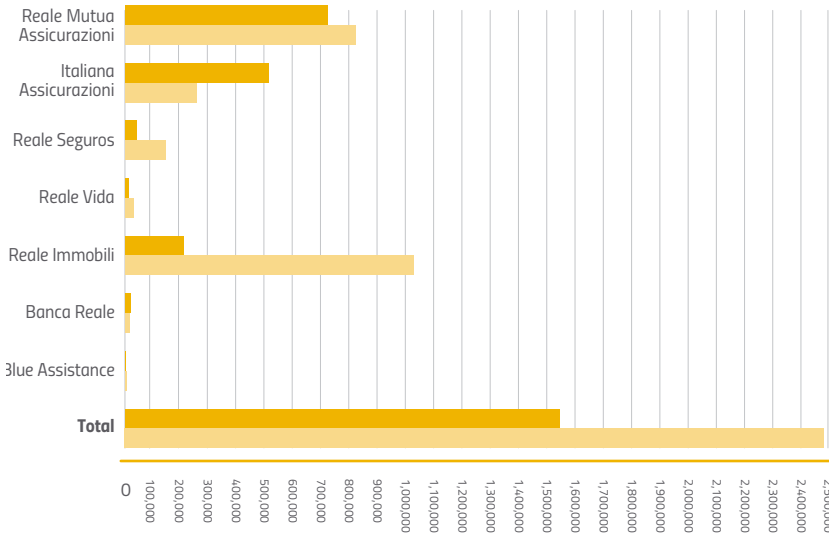
REALE FOUNDATION – 2023 IMPLEMENTATION PLAN

Health and welfare	€ 372,000	 
Inclusion and socio-economic development	€ 327,000	  
Environment & sustainable communities	€ 199,000	 
International projects	€ 148,000	
Emergency protocol <ul style="list-style-type: none"> • Number of beneficiaries: 27. 893 Direct and 470,601 Indirect • Number of projects supported: 80 • Italy, Spain and Chile (1 project winning the agency contest will be developed in Madagascar) 	€ 490,000	

In a European social context which is seeing a major increase in social-health, residential and educational requirements among the population, Reale Foundation, through a planned philanthropic strategy, during 2023, contributed to facilitating the establishment of new partnerships with public bodies and third sector associations, to identify solutions to specific needs for Italian, Spanish and Chilean communities.



NGO 8: SOURCES OF DONATIONS, DIVIDED BY CATEGORY AND GREATEST DONOR CATEGORIES AND MONETARY VALUE OF DONATIONS (AMOUNTS IN EURO)



The projects reflect some of the Sustainable Development Goals identified by the United Nations.

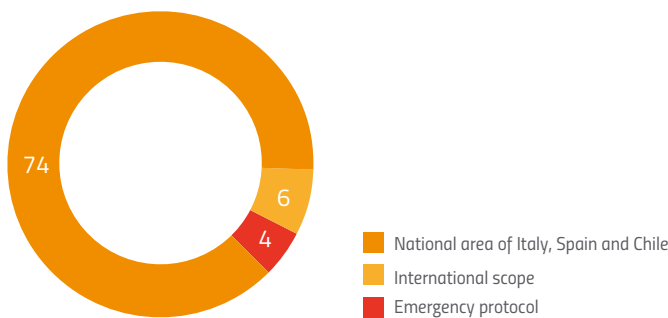


The resources thus collected are used in projects relating to the following areas of intervention:

- Health and Welfare: chronic disease prevention;
- Social: inclusion and socio-economic development of young people;
- Environment and Sustainable Communities: resilience to natural disasters;
- Enhancement and preservation of cultural heritage in Italy, Spain, and Chile.

The areas of intervention were selected through national and international benchmarks and involved, in a cross-business manner, all Group companies. They were chosen based on the core business of Reale Group and the capacity of the Group Companies to positively contribute, through their experience, to developing these issues.

In 2023, 84 initiatives were supported



For more detailed information on Reale Foundation projects, please go to the website www.realefoundation.org



OurPeople4People and Network4People

43

Projects Presented

8

Winners

€ 80,000

Disbursed

In **Italy**, many of the initiatives supported during the year were aimed at supporting the prevention of chronic diseases, scientific research (including support to the Italian Group of rare cancers and to MITOCON which operates in the field of mitochondrial diseases) and to urban regeneration through upgrading works of public spaces and support to the renovation and modernisation of some third sector entities' headquarters (new premises of Banco Farmaceutico in Turin).

In the city of Naples, a new innovative project took shape (Audiovisual Naples Hub) for the socio-economic inclusion of young NEETs, originating from peripheral districts of the city, which aims to create new jobs in the cinematographic and audiovisual field, through free training courses in collaboration with the Federico II University, the Academy of Fine Arts of Naples and the Teatro alla Scala Academy of Milan.

In **Spain**, the Foundation's activities were focused in favour of defence of the environment and its ecosystem (WWF), and activities linked to mental health (Cultura en Vena) and the support of a new innovative project, implemented by Amorada, a non-profit organisation which aims to build a network of collective support to female caregivers and to offer them a series of services and collective activities for their well-being.

In **Chile**, the second edition of the Contest launched by Slow Food Chile took place, which awarded 10 projects in as many regions of Chile (one project will be developed on Easter Island) and the first Chilean Slow Fish was established.

EMPLOYEES AND AGENCIES CONTEST

In the Reale Foundation Implementation Plan, each year, €800,000 is allocated to holding two competitions that enable Employees and the Agency Network to submit projects in support of third sector entities.

With **OurPeople4People** Reale Foundation aims to involve as many Employees as possible in order to cultivate the sense of solidarity and spirit of belonging in Reale Group. They are invited to identify and submit worthy projects of Non-Profit Organisations to which to distribute cash financial support.

In the latest edition, 16 projects were submitted and, based upon the satisfaction expressed by the votes on the Foundation's website, 4 winning projects were identified (3 in the field of Health and Welfare and 1 in the area of Social inclusion) to which funding of € 10,000 was given, for a total donation of € 40,000.

The **Network4People** Contest, dedicated to Agents of Reale Group's Sales Network, stakeholders strongly rooted in the region, has reached its sixth edition. A good 27 projects were presented (5 dedicated to the Environment and Sustainable Communities, 15 in the field of Socio-economic Inclusion of disadvantaged youngsters and 7 referring to the prevention of chronic diseases and assistance to seriously ill people).

The four winning initiatives received funding from the Foundation amounting to € 10,000, for an overall disbursement of € 40,000.



EMERGENCY PROTOCOL

2023 was the hottest year ever recorded globally and the climate emergency has forced millions of migrants to attempt to escape the unbearable temperatures or continuous floods. Extreme heat, drought, fires and floods were also increasingly frequent in Italy, with serious consequences for the affected communities and for many public and private establishments.

In this context, Reale Foundation activated the emergency protocol both in Italy and in Chile to support the flooded population of central Italy and the Chilean communities severely affected by devastating fires.

Taking action immediately after the flooding emergency, which in early May 2023 severely affected many Municipalities in the province of Ravenna, Reale Foundation donated to the Civil Protection volunteers of Faenza the equipment required to intervene promptly and to make the areas submerged by mud and debris safe; approximately 400 pieces of equipment were donated (gloves, boots, backpacks, shovels, pressure washers, water wrenches and other useful equipment) for a value of € 10,000.

Through the allocation of an additional budget of € 455,000, Reale Foundation was able to support the following projects:

Fondazione Teatro Rossini di Lugo (Emilia-Romagna)

The support of this project will allow for the restoration of all 161 seats in the stalls of the historic Teatro Rossini di Lugo, severely damaged by the water and mud that submerged the theatre.

Funding: € 85,000

Scuola Ungaretti di Solarolo (Emilia-Romagna)

Through the contribution paid to the Extraordinary Commissioner for reconstructing the territory of the Emilia-Romagna, Tuscany and Marche regions, Reale Foundation will cover the entire cost of renovating the damaged premises and the gym at the Ungaretti school in the Municipality of Solarolo, in the province of Ravenna.

Funding: € 370,000

€ 465,000

Devolved to tackle with the **Emilia Romagna Emergency**

CORPORATE VOLUNTEERING

In line with the mutualistic values that guide Reale Group, **company volunteering** is a tool that makes it possible to return part of the value generated to communities, encourages the engagement of all Employees, and makes it possible to transfer the ethical principles that guide the Group's actions, developing new ways of working.

The guiding principles for corporate volunteering are shared by all Reale Group companies. In particular, the principles of mutuality and shared responsibility are crucial for a common understanding of the corporate volunteering activities.

Due to the interruption linked to the Covid-19 pandemic, in April the new Real Group company volunteering programme was re-launched, with a still broad and varied offer

that also involved the associations that presented their programme and their requirements; in fact, Reale Group promotes and facilitates company volunteering, making available 30 paid hours for each Employee to be used during the year in relation to the identified projects.

During the year, for the Italian Group offices, employees of the Group donated 262.35 hours, including volunteering hours in favour of Dynamo Camp, all carried out at associations supported by Reale Foundation.

In **Spain** employees of the company and of the agencies were involved in the following environmental volunteering projects: cleaning and maintenance of a burnt area in Sierra de la Culebra, in order to carry out its reforestation, with the Association Entresetas; cleaning of waste on the beach at Port Saplaya, in Valencia, with Samamares.

MEASURING SOCIAL RETURN ON INVESTMENT - SROI

In recent years, the topic of assessing social impact has acquired growing importance.

In assessing the social impact linked to their activities, organisations are inspired by some fundamental principles on which the most widespread assessment methodologies are based, namely:

- **intentionality**, seen as the connection between the chosen assessment methodology and the defined strategic objectives;
- **relevance**, relating to the consideration of all data and information useful to highlight the objectives pursued and the changes actually implemented;
- **reliability**, which materialises through the use of correct, precise, fair and reliable data and information with respect to the sources from which they derive;
- **measurability**, relating to the use of assessment methodologies preferably related to quantitative parameters, appropriately measured.

In this context, Reale Group launched, in 2023, an internal "pilot" project, with the help of a specialist external advisor, to define its own assessment methodology of the social impact of the initiatives promoted, also integrating the application of the **Social Return on Investment (SROI)** methodology.

The application of the SROI calculation methodology, recognised internationally, makes it possible to represent concisely the social impact generated by the initiative promoted, in relation to the economic investment made.

The SROI indicator, whose calculation is the result of a process of understanding, measuring, managing, and communicating the social, environmental, and economic values generated by a project or organisation, provides a quantitative measure of the social impact generated by the initiative. An indicator value above € 1 means, therefore, that the social value generated by the initiative is greater than the economic value of the investment made.

At the end of the exercise, the project allowed for the internal methodology to be defined and for the first result to be achieved, calculated on the "Powercoders" initiative, supported in 2022 through Reale Foundation.

Powercoders is a project that, by offering web programming and development classes to refugees, asylum seekers and young NEETS, aims to provide concrete support to people in conditions of difficulty, placing them in a position to enter the labour market actively in the IT sector.

The programme involved, in the initial phase, free participation at a coding bootcamp lasting three months at which the students could develop technical coding skills, and strengthen their soft skills and cultural understanding; in the second phase, the students were offered the opportunity of performing an internship in an IT company also aimed at their subsequent hiring.



To calculate the SROI of that initiative, the Working Group developed an approach split into the following main stages:

- definition of the analysis perimeter and mapping of Stakeholders;
- mapping of the outcomes of the initiative, meaning the changes and transformations that are actually achieved for the benefit of the identified Stakeholders;
- monetisation of the outcomes, through a process of assigning a financial value through proxies to the same;
- assessment of the social impact, considering the value of all the identified outcomes;
- calculation of the final SROI indicator.

In applying that methodology, the Working Group used data provided directly by the organisation Powercoders, promoter of the initiative, gathered by way of surveys administered to participants.

After the analysis was completed, a value of the SROI indicator emerged approaching €5; this means that for each euro invested in the initiative, the social return on the Stakeholders involved more than quadrupled.

The application of this methodology also to other initiatives will give Reale Group a useful tool for the purposes of effectively allocating the economic resources available (to be directed towards initiatives with a greater social impact), as well as suitably communicating how such resources were used and what the concrete monetary benefit was for the Stakeholders of the initiative.

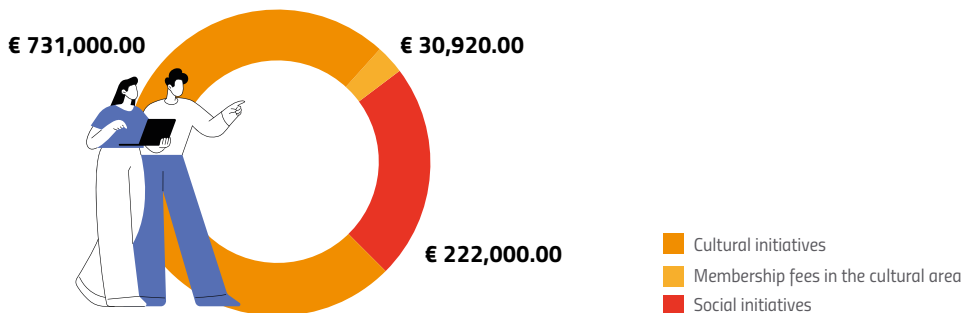
SROI

Ratio of 1:5 for each euro invested

DONATIONS RESOLVED UPON BY THE BOARDS OF DIRECTORS OF THE GROUP COMPANIES

Every year, the Boards of Directors of the Group Companies pay generous donations, cash contributions relating to cultural support, insurance coverage, and payment of membership fees.

With reference to 2023, therefore, **extraordinary contributions** were distributed following specific resolutions of the Board, adopted at meetings that year or previously (and having multi-year validity), amounting to **€ 983,920.00** including:



5.2.4 Production assets

Reale Group develops its production assets through the service provided by the distribution network spread throughout the region and consisting of Agencies, Branches and Banking Areas where qualified professionals with high level skills and experience, who ensure customer service and proximity, operate.

Reale Group's distribution network is based mainly on the traditional agency channel consisting of People who work for the Group (agents, collaborators, financial advisors and appraisal network); it is distinguished by the seriousness and high technical-specialist expertise of the insurance intermediaries, central representatives of the relationship with Members/Policyholders-Customers and with society. Reale Group's intermediaries, in various guises, follow and promote values of correctness, professionalism, ethics and responsibility towards policyholders, guaranteeing high quality consulting services, customised to the needs of the customer, thanks also to the constant high level training offered and the availability of the offer of cutting-edge products on the market.

5.2.4.1 Importance of the distribution channels

Insurance activity is one of Reale Group's main strategic axes. The sustainable development of the core business has always occurred through the correct balancing of all the Group distribution channels. The Group's distribution model is distinguished, in fact, by the combination of different channels that gather together the various opportunities offered by the market. For example, in Reale Mutua, premium income is mainly made by the Agency Network that is widely distributed throughout the region, while in Italiana Assicurazioni, the distribution partners are more heterogeneous with an important contribution by Banks, Brokers, and Financial Networks too, alongside the Agency Network.

Distribution Model - Agency Network Focus

The widespread distribution of the **Reale Mutua** Agency network recorded a slight increase both in the number of Agencies compared to the previous year (367 vs. 361) and the number of Agents Responsible for the insurance distribution activities (576 vs. 572). There is great coherence in the Reale Mutua distribution strategy which has always professed to be and acts with an increasingly "**agent-centric**" model. The total premium income of the Agents channel stands in the Non-Life business at approximately 85% of the Company's total income. Each year, numerous initiatives are developed, aimed at strengthening and innovating the "traditional" sales model, valuing legal innovations, capitalising on the opportunities of new technologies, and rethinking the offering and service approach between insured Members and Intermediaries.

Reale Mutua has always supported its distribution network in change, innovation, and transformation processes of the sector that, in recent years, have experienced significant acceleration. The Company has, for example, launched a project to revise the Agency operating model (acronym "TOM"), which was established with the aim of simplifying

367

Agencies
Reale Mutua

576

Agents



the operations of the sales network via an evolved IT platform that simplifies and integrates a good part of the key processes (quotation-issuance-Customer management).

Digitalisation for the purpose of simplification still represents one of the priorities: 2023 saw the confirmation of the OTP signature system which, after about three years, has become the main digital asset in use at Agencies: approximately 46% of newly issued or replaced policies and over 40% of receipts are now managed by our network digitally, an increasingly current challenge also driven by the emerging needs of Members/Policyholders.

The **Italiana Assicurazioni** distribution model is characterised by the division for the agency channel into four strategic segments:

- three of these are represented by the “Agile”, “High Potential” and “Structured” Agencies. This differentiation originates from the analysis of the organisational, management, economic and income development features, in order to develop their specific aspects;
- the “Financial Networks” are Agencies comprised mainly of financial advisors operating in the insurance sector.

In **Italiana Assicurazioni the number of Agencies stands at 910 (919 in 2022) at 31 December 2023**, slightly down compared to the previous year, by virtue of streamlining activity of mandates held previously with Italiana Assicurazioni and with companies of the Uniqa Group in Italy. The Company also holds entirely Rem Intermediazioni and Italnex. Rem Intermediazioni is concerned with taking on assignments aimed at promoting the conclusion of insurance contracts and related administration activities. Italnex is a company specialising in the distribution of services to insurance brokers. Its goal is to develop business initiatives in the Non-Life and Life Businesses, supporting agencies and other market intermediaries. As of 31 December 2023, Italnex boasts 47 continuous collaborations with Italiana Assicurazioni Agencies; in terms of co-brokerage, it recorded approximately 700 active agreements with broad collaboration. On 26 June 2023 Italiana Assicurazioni acquired 78% of the capital of Plurima Servizi Assicurativi, digital insurtech broker offering market insurance solutions to other intermediaries. Plurima is an advanced digital platform offering a broad range of insurance products, simplifying the contract sales, issuance and management process of contracts to other Intermediaries, according to “horizontal collaboration” logics.

The acquisition will enable Italiana Assicurazioni to extend its activity, accelerating the evolution of the range of services offered both to its network of brokers and to the market in the retail and corporate sector, by way of its subsidiary Italnex. Finally, Italiana Assicurazioni has a structure dedicated to relationships with banking partners which focuses on a specialisation strategy, supporting them in their activities with tailor-made models and ad hoc insurance solutions. As at 31 December 2023 Italiana Assicurazioni boasts 26 bancassurance agreements (25 banks and one stock brokerage firm).

Reale Seguros operates in the Spanish market mainly through its Agencies and a Broker network. The regional strategy is characterised by the wide dissemination of Agencies in the region, thus giving access to insurance brokerage to a wide population (415 Agencies, 827 exclusive agents, 159 affiliated Agents).

For a total portfolio of € 309 million (equal to 30.3% of the company portfolio). The 415 Reale Agencies are present in all provinces, both in large cities and, above all, in medium and small sized cities, thereby guaranteeing access to insurance brokerage for the majority of the population (39.8% Agencies in towns with fewer than 20,000 inhabitants). The agency distribution channel consolidates what is defined in the Strategic Plan launched in 2019, which aims to optimise management thanks to the preventive segmentation that makes it possible to assign a differentiated and customised value offering to each agent.

During 2022, the agents were gradually introduced to the CRM NEXO commercial methodology, strengthening the focus on customer centrality and its development.

Reale Seguros cultivates relationships with Agencies characterised by a regional, decentralised model. This model ensures access to their commercial, technical, and service representatives, regular meetings with Management that facilitate cohesion, and a sense of belonging and a plan for structured communication through "CONECTA REALE". The latter is a communication platform that contributes to managing information flows.

BROKERS

The distribution channel composed of **Brokers** places the company in contact with the Member/Policyholder-Customer through "short" and "long" distribution channels.

The **Broker**, which by definition does not have a specific link with a company, is consistently retained through speed, clarity, and professionalism.

Reale Mutua, uses Agent brokering, including in the case of B2B sales, and this makes it possible to bring greater value to Members/Policyholders since the model combines the characteristics of a direct relationship with the assistance of a longer channel.

At **Italiana Assicurazioni** the brokers have available the same structures dedicated to traditional agencies. They are widespread throughout Italy and are specialised in specific sectors, such as health, welfare, and life. As at 31 December 2023 Italiana Assicurazioni boasts 158 collaboration agreements with Brokers.

More than 3,291 Brokers operate at **Reale Seguros**, as a whole brokering 1,995,000 Policies, contributing 70.2% of the New Production. At **Reale Vida** the incidence of the channel covers 45% of the company's overall portfolio. As part of the distribution channel development plan, the "Colectivo de Asociaciones" activity continued. This managed agreements in the field of remuneration, products, technology, and the incorporation of specific Life protocols. 2023 was undoubtedly one of the best for Reale Seguros, having been selected for numerous consecutive years with the highest GOLD STAR rating of this organisation, which accredits the company as the best rated in general terms, in addition to other distinctive awards in various areas.

Reale Chile Seguros distributes 99.33% of its production via its network of Brokers; the remaining 0.67% of direct sales is produced through the "Squadra" programme or through direct production in branches across the region.

During 2023 important evolution programmes of the distribution system were implemented, concerning the enhancement of the Portal for brokers created in 2022. In addition to functions targeted at increasing the efficiency of management of its customer portfolio, the Portal has been enriched with information on the winners of the sales campaigns launched during the year and with the section dedicated to disseminating the "Business Prospects" cycle of Seminars.

Banca Reale, the Reale Group banking institute, offers products and services to customers through several channels:

- Reale Group agencies without financial advisors: that offer standardised banking products and services and the insurance credit that allows policyholders to pay premium policies in monthly rates;
- Reale Group Agencies with financial advisors, aimed at developing financial advice dedicated to high-value customers;
- Reale Group agencies with Banking Area: structured so as to develop a service through a multi-functional area where banking and financial products can also be proposed, in addition to insurance ones, sometimes providing Customers with an ATM that enables withdrawals, payments, and deposits of cash and cheques;
- Branches (10 branches as of 31/12/2023), which offer a complete catalogue of products designed to meet the needs of private parties, professionals, and small and medium enterprises; in addition, they also have a role supporting the Group Agencies in the region;



- Financial networks, consisting of financial and insurance consultants, structured with central offices and a network of collaborators distributed throughout Italy;
- Agents in financial activities, oriented at promoting contracts relating to the granting of loans and to the performance of paid services via the Bank's direct mandate;
- Home banking, digital method for using current accounts totally safely online on the website, www.bancareale.it, the Customer Service, and app optimised for Apple devices.

During 2023 two new Bank Areas were activated within the Reale Mutua Agency of Moncalieri and Italiana Assicurazioni Agency of Bolzano Vicentino with the aim of providing an improved service to the insured customers of the Agencies. In the Agencies that have one or more financial consultants qualified to sell through indirect sales channels, the commissions are paid according to remuneration policies issued by the Bank of Italy which stipulates that the recurrent part is the main part of the remuneration.

MiFID II had a strong impact on the world of financial consultants. This legislative framework introduced so-called "product governance"; in terms of training and refresher courses, Banca Reale provides financial consultants with in-person and online training courses and creates specific sessions on banking and financial topics and periodic webinars. It also relies on the consultancy of specialised external companies and Fund House, with which it has a collaboration.

During 2023 the Agents and financial consultants authorised for off-site offers participated in two mandatory courses on ESG themes, to look further into the concept of sustainable finance and as factors of sustainability they became characterising elements of a product and an integral part of the consulting offer. The product catalogue provided to financial advisors comprises agreements with Online Sim and Allfunds so they can use an important set of Italian and foreign funds (more than 8,000 available to financial advisors), as well as different types of current accounts, fund asset managements, and some loan products to natural persons (mortgages and personal loans).

Online product sales

With an eye to expanding the services offered, since 2015, Reale Group has continued to support a sales model that is mediated online, which combines the potential of its digital tools with the professionalism of its agency network. The system makes it possible to issue quotes on the website of the individual company and, subsequently, to purchase the desired product through two alternative but integrated paths: directly, at a pre-chosen agency, or online, always counting on the assistance of a reference agent.

In the case of online purchase too, the user becomes, for all intents and purposes, a customer of the selected agency, with the benefit of being able to use the post-sales services offered by them and to count on the broker (Distance Selling System). From 2022, the Group undertook a path aimed at evolving the digital offer model, a path that continued in 2023. The aim is to reach new consumer targets with a new type of full digital offer of insurance solutions.

In particular, in Reale Mutua, the development of go to market models with a B2B2C focus (agreements with distributors and retailers generated both by exploiting the commercial capacity of the agency network and acquired directly) continued, while in Italiana Assicurazioni various projects were initiated with a view, on one side, to authorising the company to distribute insurance products through digital touch points of banks (known as digital bancassurance), and, on the other, to creating new full digital insurance products with the aim of bringing them to the market both by exploiting the potential of the physical distribution network and by using new distribution agreements with digital insurance brokers.



169,500 hours of training
to **4,600** intermediaries

172 courses, in
person and virtual
331 editions
10,000 participations

308 online courses
120,000 hours



379 courses (classroom,
virtual and online)

71,101 participations
110,800 hours

This new path, which is added to the current, multi-channel experience, will also be open to the proposition of services, encouraging integration in ecosystems, and to bundling with third-party products and services. This, it will enable modern insurance models oriented to protecting the use and not just the possession of the asset.

TRAINING

Training of the distribution network is, for Reale Group, an essential element since training can keep the professionalism process that characterises it active. For this reason, in 2023 as well, the Group defined a dedicated training plan for the Agency Network to respond to the challenges of an increasingly demanding and competitive market. The goal was not just to transform legal obligations into a concrete opportunity for enhancing the skills of Agency staff, but also to consolidate and develop their insurance, financial, and sustainability education. The management of the training activities dedicated to the network is assigned to specific organisational units present in the Group companies, in Italy, Spain, and Chile.

In 2023 the **Parent company** delivered 169,500 hours of training to more than 4,600 brokers, including internal and external training, online courses, and virtual classrooms and some in-person physical classrooms.

75 courses were, in fact, delivered in a physical classroom, for a total of 280 editions, and 97 courses in a virtual classroom, for a total of 331 editions, which involved more than 10,000 participants. More than 308 online courses were used for total hours of more than 120,000 with a great variety of content.

In **Italiana Assicurazioni**, the development of the professional skills of its Agents is a valued goal, which is combined with the control of training and professional refresher courses for its brokers.

To achieve these goals, training is delivered in three different modes: physical, virtual, and online classroom. Overall, among the topics with greater participation, investigation of the welfare world and communication techniques should be noted in addition to the life, welfare and accounting ones.

In **Reale Seguros** too, training was structured in researching the management, hiring, and retention of brokers thanks to the project: "GPS: Training Courses for Agencies and their employees".

The offering is differentiated and based on the segmentation of Brokers and multidisciplinary training, with a very wide and variegated themed offering that responds to the professional development levels of the Company Agencies and their employees. 2022 definitively consolidated the digital training, developed according to various methods: online, mixed, and gamification, delivered through the virtual platform ("AtF: Asegura tu Formación") for disseminating training, planning process, coordination, and call management programmes.



5.2.5 Intellectual assets

Technological and digital innovation today represents a great challenge in managing the company and in methods of managing the business.

Reale Group responds to the extensive transformations in place through the adoption of new technologies and models to improve its processes and activities in terms of efficiency and reliability, but also embraces themes of technological revolution, considering them also from the point of view of the social impact of the new solutions. Digitalisation is a strategic priority for the Group, considered a precious ally for responding to the numerous challenges that await us in the coming years; a high degree of innovation in fact enables the prediction of and suitable response to the needs and requirements of Stakeholders, encouraging involvement in a cross-business manner of all levels of the organisation, growing competitiveness and contributing to achieving the goals in full respect of the regulations in force on data protection, cyber security and ethics.

5.2.5.1 Innovation and digital transformation

The digital transition is revolutionising the world in which companies manage their activities and develop their business. During 2023 Reale Group, aware of this important evolution, continued to adopt new technologies and new models to support its processes and to carry out the activities more efficiently and reliably. This was all with the aim of improving the quality of the services offered to its customers and remaining in step with market challenges.

DIGITALISATION OF PROCESSES

As part of the digitalisation of processes, during the financial year various interventions were carried out including the development of **digitalisation tools to support the governance** of the processes.

In particular, a dashboard was created to facilitate the coherence check of all phases of the issuance process and the related documentation, in order to optimise the activities in the post-sales phases.

To simplify the management of receipts of policies, a tool was developed to facilitate direct and automatic interaction with the Reale Mutua broker network.

Furthermore, for the Life Division, a dashboard was created for the digitalisation of issuance, reconciliation and accounts monitoring activities.

During 2023 tools were developed to support Employees, such as the enrichment of the reserved area which gives access to a series of features aimed at standardising and automating requests to modify and change policies.

The initiatives linked to the dissemination of **artificial intelligence** tools in the company include the launch of two innovative projects: RealeGPT, a ChatGPT-like chatbot tool, currently available for Italy and Spain, developed entirely in respect of the Group's Security and Privacy guidelines.

The second is based upon the pilot programme to trial the introduction of Microsoft Copilot, namely the new assistant based upon generative artificial intelligence for the Microsoft tool suite (e.g. Teams, Outlook, Word, Power Point, etc.). The pilot, begun in December, involved the participation, in Italy and Spain, of 300 colleagues who started a specific training course on the tool. Finally, in the Real Estate field, a digitalisation process was produced for lease contracts that can be signed with advanced electronic signature by way of OTP.

DIGITAL INNOVATION

The continuous commitment to researching innovative (digital and non-digital) solutions integrated with the most traditional business models has allowed the Group to achieve significant results in the digitalisation of processes, services, and products and in the methods of relating with Members/Policyholders-Customers. This commitment ensures the cross-business involvement of all levels of the organisation and maintaining an "Open Innovation" approach, in which the effective combination and cross-fertilisation between ideas coming from outside and internal expertise give life to an original union of tradition and the future

Within the Group, the Digital Innovation area is structured into six different units supporting the transformation process, which enable the Group to cover and protect various strategic innovation areas:

CORPORATE VENTURING

In terms of Corporate Venturing, approximately 350 start-ups were met during 2023, pursuing the constant aim of assessing and identifying increasingly innovative and disruptive opportunities and solutions that can generate industrial synergies with the Business Units and in general contribute value to the Group.

Currently, the portfolio consists of several start-ups (Auting, Charlie24, Pharmercure, Vite Sicure, SOS Pediatra, HubFarm) that are proceeding, with different time frames, to integrate their business models with the Group products.

Since the launch of its activities, Corporate Venturing also managed the exit of Moneymour, purchased by Klarna, and the investment in the Israeli fund FinTLV, an insurtech venture capital fund based in Tel Aviv. The latter is an important lever for scouting solutions that respond to specific needs of business units.

ECOSYSTEMS AND PARTNERSHIPS

In line with the Group's strategic directives and the plan for the three-year period 2024-2026, two priority areas were identified in the 2023 financial year as the scope of action of the Ecosystems and Partnerships unit: **Well-being**, with particular reference to the health area, and **Living Property**, with a focus on the ecosystem linked to condominium owners. Reale Group aims to develop and capitalise on its assets that distinguish the different Group Companies: the know-how and specialist knowledge of the health and real estate sectors, an insurance and financial offer of excellence and a distinctive agency network across the region.

The unit acts as a skills centre for defining and increasing the Group's role within the identified ecosystems, focusing on the creation of know-how and monitoring of market evolutions and jointly on the analysis of new services to complement the insurance offer and the Group's services, by way of an observatory dedicated both to exploring new areas of development relevant to the Group, such as agriculture, SMEs and the third sector, and the identification of synergies between the ecosystems and/or partnership activated.

REALE LAB 1828

Reale Lab 1828 is the laboratory dedicated to innovation, an active part of the Group's digital and cultural transformation process. In 2023 the assignment of a predominant perimeter direction was confirmed for each themed area, defined based upon its main aim of exploration or validation.

For more traditional themes, linked to the insurance market and personal services (such as Welfare, Claims, SMEs and Condominium Owners), the support to the Group, in the short-term, is developed in terms of validation of business assumptions and new solutions which contribute to expanding the current perimeter of activity; for those that are more exploratory, with a medium to long-term time frame (such as Blockchain, IoT, FinTech and Metaverse) the management has been split into the identification and monitoring of the most significant trends and the verification of new requirements and models, with consequent tests of possible solutions and new concepts.



DIGITAL FACTORY

Since 2023, the Digital Factory has been transformed into a centre for expertise in Agile and Design Thinking for the whole Group, providing business areas and sites dedicated to design with new professionals required in support, such as Scrum Masters, SAFe RTE, and DT Service Designers.

DATA SCIENCE CENTRE OF EXCELLENCE (COE)

Reale Group's Data Science Centre of Excellence has continued since 2019 the aim of integrating in a pervasive, structured and industrial manner Artificial Intelligence and Advanced Analytics solutions into the business processes, generating a competitive benefit for the whole Group.

Thanks to the involvement of more than 70 colleagues of various departments, currently 24 business solutions have been provided via the release of tens of Artificial Intelligence models. During 2023, the commitment to accelerating the impact of Data Science on the business results and to creating awareness and a culture of added value of data science (Data Literacy) was confirmed.

In July 2023, the Parent company's Board of Directors approved the **principles of Responsible AI** based upon the overall Artificial Intelligence governance model at Group level.

In an era in which Artificial Intelligence (AI) is transforming the way we work and interact, Reale Group has taken a proactive approach to guarantee that this powerful technology is used responsibly, in line with the ethical considerations and values that guide the Group.

The Group's commitment to Responsible Artificial Intelligence not only guides the Group's innovation strategy, but reinforces its reputation as a socially responsible entity.

The principles are testimony to the Group's belief in the transformational potential of AI, and its commitment to use this potential in a manner that can bring benefits to all stakeholders.

The principles are universally applicable to all AI systems and technologies used within the Group. This includes AI applications used to improve profitability, to promote sustainability and to stimulate innovation. The principles guide the development and deployment of these applications, guaranteeing that they are aligned with the Group's ethical standards. They apply both subjectively, influencing the mentality and approach of the Group's employees, and objectively, modelling the design and functionality of the AI systems themselves.

DIGITAL & OMNICHANNEL

In 2023, in the Digital Business area, after the release in the previous year of the first "digital native" insurance product developed on the Helio proprietary technology infrastructure, the Digital Platform project has been consolidated for Reale Mutua and



8 principles:

- Fair
- Inclusive
- Sustainable
- Transparent
- Understandable
- Secure
- Dependable
- Centrality of Individuals

Italiana Assicurazioni, making Helio an asset available to the companies to offer full digital new products and above all, in synergy with the Sales Departments of both insurance companies, to identify a go-to-market model that capitalises on their positioning.

As far as regards the development of the digital customer journey for the distribution of conventional insurance products, the promotion to the Group networks of this distribution method, with a model that enables the development of digital partnerships in the B2B2C area, continued, already with various cases of its active use.

With reference to the Customer App and Reserved Area development activities, the dedicated agile team brought to completion the upgrading of the front-end and is planning the extension of agile management methods to all projects involving the Group Companies' digital touch points.

The Digital Business area is also continuing with the creation of the UX/UI Centre of Excellence, in support of the entire Italy Group, in order to concentrate resources and skills for the development of new digital front ends and the optimisation of those already in use and, more generally, for the control of the methods and practices to be used.

5.2.5.2 Privacy & Cybersecurity

The information managed by the Reale Group companies, whether belonging to the companies themselves, employees, or third parties and the safety/continuity of corporate services (and of all processes that constitute the support thereof) have a strategic importance for the Group's present and future.

It is now undeniable that there is a strong dependence between the services that constitute the core business of Reale Group and the IT services and, in particular, their quality, availability, and security; this in a context where the risks connected to security system breaches are continuously and exponentially increasing, both in terms of quantity and quality. These risks would entail dangers at least equal to the more traditional risks linked to terrorist attacks and climate change.

In fact, in recent years, a cluster identified with the name "**cyber risks**" has been increasingly consolidated among the most significant risks for our company.

Cyber risk is a particular, system risk that has characteristics capable of amplifying the negative potential thereof. The operation of infrastructure is, in fact, increasingly based on its interconnection as well as on digital technologies, thus exponentially increasing the risk that damage produced in one system node has repercussions on surrounding nodes with potentially catastrophic chain reactions.

There are two other factors that contribute to supporting such a high risk assessment: its anonymous nature, i.e. the fact that it is practically impossible to attribute the responsibility for a cyber-attack to an individual or group, and its asymmetry, i.e. the fact that an attacker can concentrate on an individual vulnerability and on a restricted area, while those who defend against attacks cannot avoid considering the whole context of the Group assets.

It is also necessary to be aware that information managed by Reale Group often refers to identified or identifiable natural persons. The processing of these personal data must, therefore, occur while respecting the essential rights and freedoms of the individual and, above all, respecting their right to personal data protection.

For these reasons, Reale Group has decided to adopt a structured process aimed at measuring its exposure to the risk of an information breach and at identifying the physical, logical, and procedural security measures, to protect such information. It also adopts suitable processes for ensuring that the processing of personal data occurs according to the provisions stipulated by the relevant current legislation and with respect for the individual's rights and freedoms.



The model relating to **Information Security** considers the evolution both of the external context and the internal one, in terms of technologies, application solutions, new opportunities for business, and new markets.

The use of remote working methods, initially used en masse in response to the COVID-19 emergency and, subsequently, increasingly consolidated and confirmed within the Group, led to an intensification of cyber threats. Initiatives aimed at strengthening the security posture, corporate systems, and internal resilience processes were, thus, continued. These involved the continuous monitoring of the evolution of attack types, the suitability of defences put in place for detecting, including automatically, attacks, and the response to these, and the increase in checks for ensuring suitable security levels for initiatives based on innovative cloud technologies.

In fact, on the one hand, it is very important for Reale Group to have and offer their customers the best of new technologies; on the other hand, it is essential to protect ourselves against new threats by which these may be affected.

The awareness-raising programme for employees and numerous agents and sub-agents on topics of cybersecurity, already underway in previous years, was also confirmed. This dealt with issues such as cyber risk and cyber hygiene.

Again, in terms of strengthening users' security posture, numerous internal campaigns simulating phishing, with the goal of promoting good behavioural practices in the area of IT security, were undertaken. These were combined with the provision of a special, additional platform for e-learning for internal use.

Finally, a specific cycle of Webinars has been commenced to the benefit of all Group colleagues in relation to Information Security. The meetings, held during the year and the use of which occurs on a voluntary basis, achieved a large number of participants, confirming the interest and attention of all users to Information Security.

As far as regards **processing and protecting personal data**, the model adopted by Reale Group takes into account the applicable legislation (in particular, the General Data Protection Regulation, better known as the "GDPR", national legislation, provisions, decisions, and guidelines from the competent Authorities), types and volume of data processed, as well as the evolution of the context, whether external or internal, especially in terms of technologies and new business opportunities.

The **Personal data protection policies** are the reference document for the uniform and integrated management within the Group of issues pertaining to personal data processing.

Alongside these policies, there are special guidelines and procedures that govern specific issues connected to the processing of personal data (for example, the procedure for managing the exercise of rights by data subjects and the procedure for managing data breaches), as well as the documentation and reporting drafted pursuant to the legislation.

Reale Group's organisational model stipulates the presence of the Data Protection Officer, designated in each of the Group companies, with the task of fulfilling support and control, advice, training, and information functions relating to the application of the GDPR.

In Italy, there is also a **Group Privacy Function**, which takes care of:

- monitoring data protection within corporate processes, in compliance with the indications of the current legislation and through analysis and verification activities;
- providing consultancy to the Group's Italian companies, relating to issues that concern processing personal data;
- supervising the management of requests to exercise rights by data subjects and the relevant responses;
- supporting managers of processes that require personal data processing to perform monitoring activities, in applying the guidelines set forth in the policy;
- defining, together with the function dedicated to training staff, targeted, periodic programmes for training employees and the agency network.



Principle 19 of the United Nations Rio Declaration

In case of risk of serious or irreversible damage, the absence of absolute scientific certainty must not serve as a pretext for deferring the adoption of adequate and effective measures, also in relation to costs, aimed at preventing environmental degradation

For the Group's Spanish companies, these tasks are, instead, carried out by the **Data Protection Officer**, including identifying risks and defining checks, consultancy on impact assessments, as well as consultancy and supervision in responding to requests to exercise the rights of data subjects.

Monitoring issues related to personal data protection is, instead, ensured by a circular process that involves, respectively, the Administrative Body, the Control and Risks Committee, the Data Protection Officer, and the managers of processes that involve personal data processing.

Finally, supervision is also ensured by the Comisión de Auditoría.

5.2.6 Natural assets

Reale Group attributes particular importance to environmental protection, aware of the need to use resources responsibly in order to minimise adverse environmental impacts and to pursue sustainable development aimed at creating positive measurable impacts to protect the environment, conserve Natural Assets and promote biodiversity.

Through the adoption of an informed approach to the use of energy, water resources and the management of waste, Reale Group aims to address the great challenges linked to climate change, environmental degradation and consumption of natural resources. With this aim, it develops insurance and financial products, investments and real estate projects.

5.2.6.1 Management of direct environmental impacts and climate change

MANAGEMENT OF ENVIRONMENTAL IMPACTS

Reale Group assesses and regularly monitors its environmental impacts, direct and indirect, produced in the context of its activities and strives to reduce them, as much as possible, ensuring efficiency in the use of resources and developing innovative solutions to support a low-carbon economy.

In assessing its environmental impacts, Reale Group takes the precautionary principle into account as ratified in Principle 15 of the United Nations Rio Declaration.

The Group's commitment in the environmental areas is pursued through a careful analysis of the context and represents a theme cross-sectionally present in its strategic plan for some years; since 2012, in fact, **Reale Mutua was the first Italian insurance company to achieve voluntarily the UNI EN ISO 14001 Environmental Certification**; in subsequent years, that approach was gradually extended to all Group Companies and to various insurance Agencies in the region.



The Group's commitment to the environment is expressed through the definition of the following actions:

- **periodic update of the Group's Environmental Management System according to the international standard UNI EN ISO 14001;**
- definition of the "Benefit Plan" in relation to the environmental goals as cited by Common Benefit Purpose no. 4;
- development of new projects regarding sustainable investments and products;
- adoption of management policies for environmental and social risks, those generated and suffered;
- promotion of principles and processes aimed at protecting the environment among Stakeholders.

THE REALE GROUP ENVIRONMENTAL MANAGEMENT SYSTEM

The adoption of the international standard UNI EN ISO 14001 requires corporate organisations to equip themselves with a Management System for their environmental impacts, with a view to continuously improving their performance in terms of these impacts.

Via the Environmental Management System ISO 14001, Reale Group does not only ensure its compliance with environmental legislation, but defines processes and goals linked to the prevention of pollution and the impoverishment of energy resources, and to managing waste produced.

The implementation of UNI EN ISO 14001 is, thus, the method that Reale Group chose as the main governance tool to support the continuous improvement of direct and indirect environmental performance and disseminate a sustainable culture within and outside of its organisation.

These requirements are now part of the corporate culture and are fully incorporated and shared in procedures and processes. During 2023, Reale Group updated the operating procedures of the Environmental Management System with the aim of achieving an increasingly in-depth integration of the guiding criteria of environmental sustainability into the material business processes in the organisation's activity.

On that occasion, Reale Group expressed its purpose-oriented business identity through the update of the **Group Guidelines on the environment**, with which it identified the commitments assumed by the Group with a view to continuously improving its environmental performances.

By way of the Environmental Management System, therefore, Reale Group:

- identifies and assesses the direct and indirect impacts of its organisation on the environment;
- measures and, where possible, mitigates or offsets the direct and indirect environmental impacts of the Group;
- guarantees the analysis and respect of environmental compliance obligations;
- in accordance with the principle of transparency and in conformity with the rules in force, periodically reports on the performance of the environmental indicators and related actions adopted for the optimisation of consumption;
- exercises a positive influence also on its commercial partners through the application of its Supplier Code of Conduct, which defines, among the requirements for accessing the Register, the application of responsible conduct including in the environmental context;
- involves Agencies to create an effective channel for disseminating the values promoted by Reale Group.

CALCULATION AND MITIGATION OF THE CARBON FOOTPRINT

Reale Group identifies the areas for improvement and the impact of CO₂ over which it has direct control with the aim of gradually reducing its emissions.



Company car
fleet replaced with
hybrid, electric or
plug-in vehicles

Since 2018 the Group has been committed to offsetting its emissions generated in its activities that fall within Scope 1, Scope 2 and Scope 3. The latter includes only part of the indirect emissions and specifically those generated by home-work commutes by employees and by business travel (Scope 3). During 2023 the figure relating to emissions produced in Scope 1, Scope 2, Scope 3 is 4,138.99 tonnes of CO₂eq, broken down as per the tables below.

With a view to mitigating emissions of CO₂, during 2023 the corporate car fleet and commercial vehicles were replaced with hybrid, electric, or plug-in vehicles, which, in 2023, constituted 76% of the Italian companies' fleet and 100% of the Spanish companies' fleet.

Furthermore, Reale Group reaffirms its focus on the issue of energy production and consumption, prioritising the procurement of its energy requirement from renewable energy sources. As a result of the energy crisis triggered by the rise in energy costs due to the Russian invasion of Ukraine, starting on 21 October 2022 and for the whole of 2023, each Friday the Reale Mutua management office at Via Corte d'Appello in Turin has been closed, allowing employees to carry out their work by way of smart working or to book a workspace at the adjacent office in Via Bertola.

Furthermore, since January 2023 at the Via Corte d'Appello office in Turin, the new well water condensed refrigeration unit has been active, further streamlining the building's energy consumption.

During 2023, in Spain, too, some initiatives were launched to reduce CO₂ emissions; as part of the value chain, Reale Seguros involved its network of body shops in adhering to the scheme offered by the Saragoza centre for the "sustainable body shops" certification. In 2023, the certificate was obtained by 21 body shops.

Also as part of claims management, remote appraisals facilitated an estimated saving of 389 CO₂ compared to appraisals carried out in person, thanks to the fact that the appraisers do not have to travel to carry out their work.

Offsetting

In addition to mitigating and preventing emissions, every year the Group undertakes to offset its emissions produced during the previous year.

In relation to the year 2022, in 2023 Reale Group offset 100% of its carbon emissions, equal to 3,725 tonnes Co2eq (calculated according to the GHG Protocol standards, UNI EN ISO 14064), by funding projects that save the total production of CO₂ that is emitted into the atmosphere.

In 2023 Reale Group financed the "Landfill Gas Project in Chile" project through the collaboration with AzzeroCo₂, a company founded and owned by Legambiente. The financed project deals with the generation of electricity through the collection and use of biogas from the Santa Marta landfill, located 17 km from Santiago in Chile. The landfill serves approximately 1,200,000 people in the southern area of Santiago, thus being one of the largest in the region.



Landfill Gas Project in Chile

- 100% carbon emissions offset vs. 2022
- 3,725 TonCO₂eq
- Santa Maria landfill financing
- Biogas production for a basin of 1,200,000 people

TYPE OF CREDITS VER

CREDITS OF CO₂ GENERATED 348,323 / year

AUDIT STANDARD Gold Standard

The project obtained the Gold Standard certification and contributes to goals 1, 3, 7, 8, 9 and 13 of the UN Sustainable Development Goals 2030: no poverty, good health and well-being, affordable and clean energy, decent work and economic growth, industry, innovation and infrastructure and, finally, climate action.

This project in fact generates renewable energy through biogases, reduces greenhouse gases, optimises the use of natural resources, and contributes to correct waste management also contributing to creating jobs in the region.

The data relating to power consumed, direct and indirect emissions refer to the Group's operating branches with more than 50 employees.

Via Corte d'Appello 11 (Turin), New Building Bertola (Turin), Via Traiano 18 (Milan), New Building (Turin), Puintat (Udine), Via Augusta 258-260 (Barcelona), San Bernardo 17 (Madrid), Padre Tomas Montañana (Valencia), Príncipe De Vergara 125 (Madrid), and Los Militares 5890 Los Condes (Santiago).

GRI 302-1

in GJ

GRI 302-1	2023	2022
Electricity purchased and consumed	20548.47	24,061
of which electricity consumed from renewable sources	20261.14	23,536
of which electricity consumed from non-renewable sources	287.33	525
% Electricity consumed from renewable sources	98.60%	98%
Total electricity self-generated and consumed	317.44	253
Total electricity self-generated and sold	0.00	0
Total electricity consumed	20,865.91	24,314
Natural gas (thermal consumption)	5,935.07	8,520
Total Power Consumption	26,800.98	32,834

We note that 100% of the power used in the Spanish and Italian operating branches is renewable.

GRI 302-3

GRI 302-3	2023	2022
Number of employees	3,401	3,082
Power consumed within the organisation	20,865.91 GJ	24,314.00 GJ
Energy intensity	6.14	7.89

GRI 302 - 1 F/G

GRI 302 - 1 F/G	UNIT of MEASUREMENT	CONVERSION	FACTOR	SOURCE
Electricity	kWh	GJ/kWh	0.0036000	UK Government GHG conversion factors for company reporting, 2021
Natural Gas	scm	GJ/Scm	0.0358399	UK Government GHG conversion factors for company reporting, 2021

GRI 305 - 1 (SCOPE 1)

GRI 305 - 1 (SCOPE 1)	UNIT of MEASUREMENT	CONVERSION	FACTOR	SOURCE
Natural Gas	scm	tCO ₂ /Scm	0.00201754	UK Government GHG conversion factors for company reporting, 2021

GRI 305 - 2 (SCOPE 2)

GRI 305 - 2 (SCOPE 2)	UNIT of MEASUREMENT	CONVERSION	FACTOR	SOURCE
Electricity - Lct based (Italy)	kWh	tCO ₂ /kWh	0.000315	Terna, Confronti Internazionali, 2019
Electricity - Lct based (Spain)	kWh	tCO ₂ /kWh	0.000486	Terna, Confronti Internazionali, 2019
Electricity - Lct based (Chile)	kWh	tCO ₂ /kWh	0.000573	Terna, Confronti Internazionali, 2019 (factor of America)
Electricity - Mkt based (Italy)	kWh	tCO ₂ /kWh	0.000000	source DEFRA 2021
Electricity - Mkt based (Spain)	kWh	tCO ₂ /kWh	0.000000	source DEFRA 2021
Electricity - Mkt based (Chile)	kWh	tCO ₂ /kWh	0.000573	Terna, Confronti Internazionali, 2019 (factor of America)

GRI 305-1in tCO₂and

GRI 305-1	2023	2022
Total consumption of fuels from non-renewable sources	1032.29	936.20
from Natural gas	334.54	480.40
from corporate fleet trips	670.24	455.80
from fugitive Gas emissions	27.61	-
Total consumption of fuels from renewable sources	0.00	-
Total - Scope 1	1032.29	936.20



GRI 305-2

GRI 305-2	2023	2022
Total scope 2 (tCO ₂ e) - Location-based	2082	2,402
Total scope 2 (tCO ₂ e) - Market-based	45.73	83

GRI 305-3

GRI 305-3	2023	2022
Work travel	2,032	1,532.48
Work commutes	1,207.50	1,172.80
Total emissions - Scope 3	3,239	2,705.28

GRI 305-4

GRI 305-4	2023	2022
Number of employees	3,401	3,082
Total emissions (SCOPE 1 + SCOPE 2 location based)	3,114.07	3,338
SCOPE 3	3,239	2,705
Absolute GHG emissions (SCOPE 1 + SCOPE 2 location based + SCOPE 3)	6,353	6,043
Intensity rate of GHG emissions (SCOPE 1 + SCOPE 2 location based + SCOPE 3)	1.87	1.96
Total emissions (SCOPE 1 + SCOPE 2 market based)	1,078.11	1,020
SCOPE 3	3,239	2,705
Absolute GHG emissions (SCOPE 1 + SCOPE 2 market based+ SCOPE 3)	4,317.26	3,725
Intensity rate of GHG emissions (SCOPE 1 + SCOPE 2 market based+ SCOPE 3)	1.27	1.21

DIRECT IMPACTS ENVIRONMENTAL MANAGEMENT

During the year, business practices aimed at raising the awareness of employees on the efficient use of resources were consolidated. Those initiatives are aimed at minimising, to the greatest possible extent, the impacts of the organisation deriving from the use of paper, plastic and waste production.

Reduction in consumption of paper and plastic

In the field of paper consumption, the Paperless initiative and the strengthening of smart working have enabled a good level of reduction in the use of printed paper in the office to be achieved over time.

In the field of plastic consumption, in addition to consolidated practices relating to the reduction of the use of single-use plastic and plastic bottles, during 2023, Banca Reale completed the process of replacing PVC debit cards with recycled PVC debit cards, indirectly contributing to stimulating and strengthening the processes at the basis of the circular economy.

Waste

With regard to waste, through the ISO 14001 Environmental Management System, Reale Group monitors its production and guarantees its correct management. As an insurance group, not having industrial systems, the waste produced by Reale Group originates mainly from the value chain, as can be seen from the value relating to packaging.

From the comparison with the previous reporting year, there was been a significant increase in the tonnes of waste, hazardous and non-hazardous, in the category "discarded equipment".

This increase is attributable to an exceptional roll-out operation of obsolete equipment present in the Group's Italian agencies. The operation was managed by Reale Ites during 2023, granting the assignment to commence the recovery of waste to a qualified third-party firm.

The regular waste collection regime for the Italian offices involves, for the instrumental offices in the country, urban waste being separated into paper, plastic, glass and aluminium, through local waste collection services. Any other waste materials are entrusted to authorised third parties (for proper management, completing the respective waste identification forms (FIT) or equivalent documentation), coordinated by the Facility management company, to which the maintenance and Facility services are entrusted in the Group's offices. The Group expressly demands that the recovery of waste be favoured over the disposal of waste, with a view to the circular economy and to reducing the impacts deriving from waste. Control and monitoring of the facility management companies that coordinate the third-party firms licensed to manage waste are carried out on at least a yearly basis during the internal audits and third party audits linked to the ISO 14001 certification, as well as with random checks carried out on document archiving environments. For the Italian offices, a collection and recovery service for cartridges/toners has been active for years; this ensures that Reale Group has information relating to the supply chain and recovery of materials with an eye to Life Cycle Thinking.

All employees are continuously made aware of the importance of correctly managing waste produced at work and in all the offices, in Italy, as in Spain, there are containers for separate collection.

GRI 306-3 WASTE PRODUCED IN TONNES

GRI 306-3	2023		2022	
	KG	TONNES	KG	TONNES
Total hazardous	14,644.96	14.64	79.31	0.08
Discarded Equipment	14,340.00	14.34	0.00	0.00
Batteries and toners (Spain)	97.96	0.10	79.31	0.08
Hazardous containers	0.00	0.00	0.00	0.00
Bulbs and lights	207.00	0.21	0.00	0.00
Other (specify in the comments)	0.00	0.00	0.00	0.00
Total non-hazardous	35,554.00	35.55	37,217.00	37.22
Plastic packaging	4,978.00	4.98	4,547.00	4.55
Wooden packaging	560.00	0.56	7,200.00	7.20
Iron and steel	0.00	0.00	300.00	0.30
Discarded Equipment	13,385.00	13.39	0.00	0.00
Paper and cardboard	3,351.00	3.35	14,470.00	14.47
Glass	480.00	0.48	4,700.00	4.70
Bulky waste items	2,280.00	2.28	0.00	0.00
Glass packaging	0.00	0.00	0.00	0.00
Mixed packaging	10,520.00	10.52	6,000.00	6.00



INDIRECT IMPACTS ENVIRONMENTAL MANAGEMENT

Business Travel

In view of the Group's openness to internationalisation and having widespread distribution across the region, business travel forms part of the Group's business operations. Reale Group, in fact, spreads across Italy, Spain and Chile; while it is possible to reduce air travel, it is not possible to eliminate it entirely.

The theme of business travel is therefore particularly sensitive within the Group and attention to the environment materialises largely in terms of indirect impacts, of which air travel constitutes a component. Therefore, the Group has established travel policies aimed at balancing the requirements of safety, time and environmental impacts of business travel; in 2023 the Spanish companies of the Group in fact instituted a new Corporate Travel Policy which requires all journeys of up to 3 hours to use mandatorily the rail alternative, if present. In Italy, the travel policy is expected to be issued in early 2024.

Biodiversity

Reale Group's activities do not impact protected areas; despite this, in 2023, various projects for preserving and protecting biodiversity were developed in Spain, confirming the Group's commitment to the regions where it operates. The initiatives developed were the following:

- recovery and maintenance of an olive grove with the NGO "Apadrina un Olivo";
- recovery of plastic from the sea at Cadice with the NGO "Gravity Wave";
- "Natura senza plastica" ("Nature without Plastic"), with the WWF.

IT infrastructure migration

Over the last 2 years, Reale Group has begun a gradual migration process of its IT infrastructure from servers to cloud. This step has reduced significantly the energy impact of the IT infrastructure compared to the proprietary server based infrastructure.

The estimated saving is calculated directly by a dashboard made available by Microsoft which therefore facilitates the monitoring of CO₂ consumption as well as the estimate of emissions avoided compared to the server infrastructure. This saving derives from the optimisation of the space required for data storage, thereby allowing more data to be archived in less space compared to the proprietary server infrastructure.

The Group's aim is gradually to migrate the entire Italy and Spain IT infrastructure to cloud technology, while guaranteeing data archiving in conformity with the General Data Protection Regulation (GDPR, see chapter 5.2.5.2).



New Corporate Travel Policy

Climate Change

The Group is aware of the risks that climate change may entail for its business activities and for society and, therefore, deems it important to identify the potential economic impacts deriving from changes to the climate.

With the aim of ensuring that sustainability is gradually more integrated into the business processes, in 2023, the Group pursued initiatives in the field of its core business also in relation to Climate Change, launching a project dedicated to that issue, begun in 2022 and concluded in 2023.

In recent years, in fact, Reale Group has identified a significant increase in claims linked to natural events (in terms of Land Vehicle, Hail - Car and property/infrastructure) attributable to physical risks, with a consequent worsening of the technical trend in relation to expectations.

The implications deriving from climate change have also impacted Reale Group's reinsurance policies; in recent years, this led the Group to enter into special reinsurance treaties in the fire and Land vehicle businesses.

In order to construct an insurance management plan for events linked to climate change, in March 2022, a project to improve the capacity to assess and select the risks underwritten was approved. To that end, a global underwriting strategy was defined for climate risks that also includes elements of reinsurance policies, price sophistication, risk appetite and rationalisation of claims management.

In the long term, the ambition is to analyse solutions that may support a developed positioning of the Group on the topic of climate risks (for example, space economy, with a view to acquiring satellite data) and developing parametric policies to cover climate events.

That project ended in December 2023, achieving the following objectives:

- creation of a collective and centralised view for business users of the Group through the development and engineering of climate data marts, relating to cover and climate claims (catastrophic and non-catastrophic), including the agriculture business;
- integration of external data in the data marts (meteorological information on the occurrence of the claim, calculation of climate index, building characteristics estimated by satellite, etc.);
- development of a specific monitoring dashboard for business linked to natural events;
- development of the "Reale Risk Platform", a risk geo-referencing platform designed to support the business in making data-oriented decisions;
- availability of climate indicators on the Reale Risk Platform based on both historical series and on climate change scenarios developed by the IPCC (Intergovernmental Panel on Climate Change).

Water resources

Reale Group pays special attention to the use of water resources and regularly launches awareness-raising campaigns regarding water consumption aimed at its employees.

In Italy, the water used in the operating offices is taken from the municipal mains, measured using a meter, used for restrooms and systems.

The water is discharged into the existing sewage system that is connected to public treatment plants with subsequent re-emission into the environment. The water is not linked to Reale Group's core business and production cycle; despite this, the Group measures the consumption of water in cubic metres and, where possible, applies targeted actions to limit consumption (for example, the Turin office on Via Bertola is equipped with a recovery system for rainwater to be used for irrigating the internal green areas).



The water used in Reale Group's operating offices is also managed in compliance with the legislation regarding health and safety (filtering, softening, anti-legionella protocols). In general, Reale Group carries out periodic, preventative maintenance of its systems to check the proper operation of its water reduction systems and to prevent water leaks and seepages.

Water consumption (in m ³)	2023	2022
Italy	11,027.70	13,437.00
Spain	2,822.00	3,311.00
Chile	1,657.00	1,388.00
TOTAL	15506.70	18,136.00

Consumption in operating offices with more than 50 employees

REAL ESTATE ASSETS

Reale Group undertakes to adopt concrete solutions for efficiently managing energy resources, by implementing projects to make its buildings more efficient.

In line with the Group's sustainability strategies, Reale Immobili decided to follow ESG good practices in its activity commencing from the end of 2021.

The Company, increasingly developing its skills in the management and development of real estate, thus focuses on carrying out its activities with constant attention to sustainability, the well-being of its tenants and the high quality of the built environment, integrating ESG factors into its business. Meanwhile, it continues, on one side, to take action on the portfolio with a view to optimising its environmental performances and, on the other, to develop initiatives in new asset classes in the Social area with the aim of managing high-performing and certified real estate assets in which it will be increasingly pleasant to live and/or work.

In June 2023 Reale Immobili submitted its portfolio to the GRESB (Global ESG benchmark for Real Assets) European rating, a tool with which to measure the alignment to international best practices.

By joining GRESB, the ESG positioning of the Company and its real estate assets can be benchmarked, providing data according to a pre-established and consolidated standard with respect to companies having similar assets.

The score achieved in 2023 was higher than expected (69/100 income assets and 84/100 development assets on a GRESB average of 75/100 for income assets and 83/100 for development assets) and it represents the first step on the certification path that Reale Immobili has decided to undertake.

The rating allowed for the strengths of the real estate assets and their management to be identified and developed, but also to pinpoint, from the comparison with other entities (peers) that also take part in GRESB, the actions to be introduced for further and continuous improvement.

Reale Immobili, from 2019 to today, in line with its policy, has entered into electricity supply contracts with distributors that supply and certify the introduction of renewable energy into the grid.

GRESB

Global ESG benchmark for Real Assets: membership since June 2023

ESG REAL ESTATE MANAGEMENT GOOD PRACTICES

- In 2010 Reale Immobili patented at Italian and European level a device known as “Grem” (Grid Runned Energy Method) for monitoring and control of air conditioning systems. This device optimises thermal comfort while reducing consumption in the buildings where it is installed by programming the energy supplied in relation to past and/or expected energy consumption and advance knowledge of meteorological data. The system, installed in the heating plants of many buildings in the portfolio, enabled in 2023 and still enables the reduction of consumption by about 3%;
- in relation to value chain attention, in 2023, those suppliers equipped with UNI EN ISO 14001 environmental certification were favoured; in 2024 the Company will further monitor its suppliers with regard to their ESG requirements;
- in terms of administrative management of the relationship with tenants, the payment method of rental costs was replaced from the paper MAV payment to digital methods;
- in relation to portfolio management, actions were initiated in 2023 to apply ESG good practices, more specifically:
 - collection of data on consumption (electricity, gas, water, waste);
 - platform for managing and monitoring data on consumption (electricity, gas and water);
 - clause in new lease contracts containing the commitment to share electricity consumption data (Green clause);
 - production of the CRREM (Carbon Risk Real Estate Monitor) curve for analysing and assessing medium and long term transition risks associated with climate change;
 - collection of energy performance certificates (APE);
 - ESG training courses for all Reale Immobili employees;
 - surveys sent to all tenants to assess the customer satisfaction with the services received;
 - application of ESG (Design Brief) guidelines for designers, companies, and technicians on the occasion of new development interventions.

One of the ESG goals of Reale Immobili is to increase the number of certified buildings in the portfolio, launching the green certification process (LEED, BREEAM, Well, Wiredscore) on the main development initiatives.



REAL ESTATE ASSETS (DETACHED PROPERTIES) IN ITALY AND SPAIN

The upgrading activities of the Milan, Via Senato 5 property are in progress to house a 5-star luxury hotel. The set of works, which include the construction of a geothermal system, the upgrading of the building envelope with insulation and new high thermal performance windows, and a system of supervision and management of heating plants, will mean - when the works are completed - that the building will achieve energy class A2 and the LEED certification.



Again in Milan, at the Via Tolstoj complex, the upgrading of the entire complex, consisting of six buildings surrounded by a private garden, is in progress. In this project, the challenge was to implement the upgrading of the properties without having to remove the tenants: the intervention was planned and implemented so as to install the systems while intervening only on the facades.

The main works include: external insulation using eco-sustainable materials, installation of thermal break windows, condensing boilers and introduction of a summer air conditioning service and centralised domestic hot water. Again with a view to offering services to tenants, common spaces, a gym, and car and electric bicycle charging stations were planned. The set of works will make it possible to move from the "G" energy class to the "A1" energy class and to achieve the Gold LEED Certification.

Photovoltaic panels were installed on the Via Tolstoj towers with a total power of 146 kWp. The electricity produced will be made available to the resident community, reducing the environmental impact and promoting the use of renewable energy sources.

With that project, the six towers of Via Tolstoj will contribute to the commitment to sustainability and the technical innovation of Reale Immobili offering to the city one of the first energy communities.

At the building of Via Tito Speri 8 in Milan the final design phase has been completed for the new office building, a development that will replace the existing building which is now no longer suitable to meet office market requirements. The new building was devised, even during the design phase, to represent fully our ESG policy; the energy performance of the building and the impact on the surrounding environment were the inputs to the project.

The building will maximise the use of energy, simultaneously reducing consumption through the implementation of smart design solutions and the use of advanced technologies. This will translate into the optimisation of energy consumption based upon specific needs, with the adoption of innovative solutions for lighting and ventilation, thermal insulation, low consumption heating and cooling systems, high energy efficiency windows and the use of renewable energy sources.

The aim of the project is to certify the building according to the main green standards, including LEED Platinum, WELL and Wiredscore.

The aim of Reale Immobili is to construct a building with low or zero CO₂ impact, focusing on the Net Zero Energy Building (NZEB).

In Rome, the building redevelopment of Via del Leone 22, completed in March, involved the installation of new high energy efficiency heat pump air conditioning systems integrated with a energy consumption monitoring system. In order to achieve a reduction in water consumption, energy and gas use, instantaneous water heaters were installed for the production of domestic hot water to service the individual apartments in replacement of the previous centralised system which was obsolete and not flexible for the typical discontinuous use of a temporary residence. The pre-assessment process was then commenced for the LEED OM certification which should be issued in 2024.

In managing the income assets, where possible, the following intervention criteria were applied:

- the existing windows were replaced with new thermo-acoustic windows in the apartment renovation activities;
- low VOC emission paints were used in the wall repainting activities;
- electric car charging stations were installed.

In particular, in Turin, at the building in Via Garibaldi 22, new thermo-mechanical backbones and building works were installed to support the intervention. To colour the portion of the facade affected by the works, a water-based wall paint with potassium silicates with highly breathable, self-cleaning and non-film-forming characteristics was used. These are materials with low environmental impact, subject to innovation processes in order to increase product yield and duration over time, as well as solutions in line with the requirements of sustainable design.

Again in Turin, in Corso Re Umberto 67, where the upgrading of the thermal power plant was planned, local enterprises and Italian products were chosen, guaranteeing the use of materials that guarantee control of the supply chain with an impact on the local area.

In the management of the Group's operating offices, numerous interventions were carried out relating to sustainable office management; in particular, constant monitoring took place of the internal temperatures of the offices along with targeted management of the thermal power plants with the aim of guaranteeing comfort for people who work in the offices without neglecting the aim of reducing energy consumption.

In Turin, the following actions were performed:

- at the management office of Via Bertola - Turin
 - modernisation of the management system of the first wall boxes installed in 2016;
 - improvement in management of the rainwater system with the BMS DESIGO system;
 - gradual replacement of the cold cathode lights in the corridors (court of appeal side), with LED bars (gradually as they fail) - Via Corte D'Appello, 11;
- at the management office of Via Corte D'Appello - Turin
 - commissioning and official management of the building's geothermal system servicing the new refrigeration plant;
 - preliminary study for the replacement of 3 high consumption lift systems with new generation high energy efficiency lifts;
 - acquisition of updates of the licence and software of BMS DESIGO, with the aim of expanding the perimeter of management of the systems also based upon the construction of the new offices.

At the management office of Italiana Assicurazioni - Milan, the boilers have been replaced with a new higher energy efficiency system and the updates of the BMS DESIGO licence and software have been acquired, with implementation of management functions.

Furthermore, once again this year, all electricity supply contracts for the operating offices have been entered into with distributors that supply and certify the introduction of renewable energy to the grid.

Furthermore, in order to reduce electricity consumption at the site of the Company Recreational Club at Corso Agnelli in Turin, the production of electricity from the photovoltaic system has been increased by 41KWh by installing new high performance photovoltaic panels on the roof of the club house, achieving total production of 56 KWh and covering with renewable energy almost one-third of the installed power.

The lighting fixtures on the football pitch (lighting towers) were then replaced, switching from metal halide technology to LED with consequent estimated energy saving of 55%.



The “S” Social ESG goals include, amongst others, the first initiatives in the **Social Housing** sector:

- the site of Corso Palestro 5 in Turin involves the redevelopment, in terms of distribution and functions, of an historical building for use as new senior living residences, aimed at self-sufficient elderly people. Together with the building of Corso Palestro 3 - already constructed and used as a university residence - it constitutes the second intervention performed by Reale Immobili in the social housing sector;
- the works involve upgrading the facades with the installation of new high performance thermal windows, the air conditioning system created using radiant terminals inside the building, and summer air conditioning via fan coils.

In managing the income assets, for the purposes of promoting the development, inclusion and well-being of the local community, Reale Immobili strove to increase the involvement of its stakeholders (tenants, employees and suppliers) in the ESG (Environment Social Governance) culture and behaviours.

The health and well-being of our tenants is one of the goals of our ESG policy.

Common spaces have been created at the S. Emanuele block in Turin, located on the first floor of Via Monte di Pietà, with a gym, containing latest generation machines and equipment, for the exclusive use of tenants of the block. All tenants have been sent a communication emphasising the importance of physical activity for personal well-being.

As part of the activities on the Group's buildings for the News Ways of Working Project, Reale Immobili coordinates the activities to transform the work environments focusing, amongst other things, on the integration between spaces of work and spaces of service such as courtyards and terraces, and cafés. In 2023, the following activities were performed:

- the works on floors PT, P1, P3, P4 of part of the Headquarters of Via Corte d'Appello were completed, with the main aim of improving the level of comfort of the layout and the quality of use of the spaces by users;
- the redevelopment and upgrading of the floors enabled, inter alia, the replacement of the external windows and the integration of the air conditioning of the new area with the BMS management system; from the perspective of water resources, the toilets were replaced, introducing the double button, while jet aerators and photocells were added to the taps;
- to investigate the energy performance of the building, an energy diagnosis was performed with dynamic modelling, aimed at identifying improvement interventions on the energy efficiency of the building. The study of the energy performance of the building and the identification of strategies and solutions to optimise its performances have a direct impact on the improvement of the environmental quality of the work spaces and therefore an improvement of the well-being of people;
- the project developed during 2023 concerned the revision of the layouts inside the New Building Bertola - buildings A and B - according to the goals of the “New Now” project;
- the existing moveable walls will be maintained in their finish - disassembly and assembly of the elements is planned with possible integrations of glass portions where necessary. The work spaces will be painted - ceilings and walls - in white colour except for some walls which will be grey. The aim of this soft re-styling is to make the renewal of the spaces, in relation to the new distribution model introduced with the New Ways of Working project, perceivable to users, while applying a logic of maximum recovery of the existing elements of a building which was completed only a few years ago (2016). The works to implement the project are planned in 2024;
- as regards the Italiana Assicurazioni building in Via Traiano in Milan, the concept has been developed for the new spaces envisaged by the New Ways of Working project, as planned for the other Group headquarters. An energy performance study has been commenced for the building, in order to have all elements necessary to choose the interventions.



With regard to the activity of Reale Immobili Spain, the following is noted:

- acquisition of electricity produced only from renewable sources;
- issuance by the certifier of the LEED Gold certificate in the Design and Construction Core & Shell category of the building of Paseo de Recoletos 35;
- on behalf of Reale Seguros in 2023 the design phase was commenced for the Barcelona branch of an energy upgrade project that involves replacing the air conditioning systems.

Reale Immobili Espana also provides, on loan to the benefit of a non-profit organisation, a space that is used as a warehouse for collecting clothing and various products.

As part of the activity for the Group, Reale Immobili Spain has commenced an analysis of the Madrid building, located in Calle Principe de Vergara 125 (headquarters of the Spanish companies of the Group), aimed at producing a preliminary proposal in relation to the following points:

- improvement of the work spaces in line with the Group principles of NWOW as well as the common spaces of the building (courtyard, terraces, auditorium);
- increase in the energy performance of the building.





Letters to the Stakeholders

Introduction and information on performance

Stakeholders and materiality

Governance

Value and asset creation

Appendix

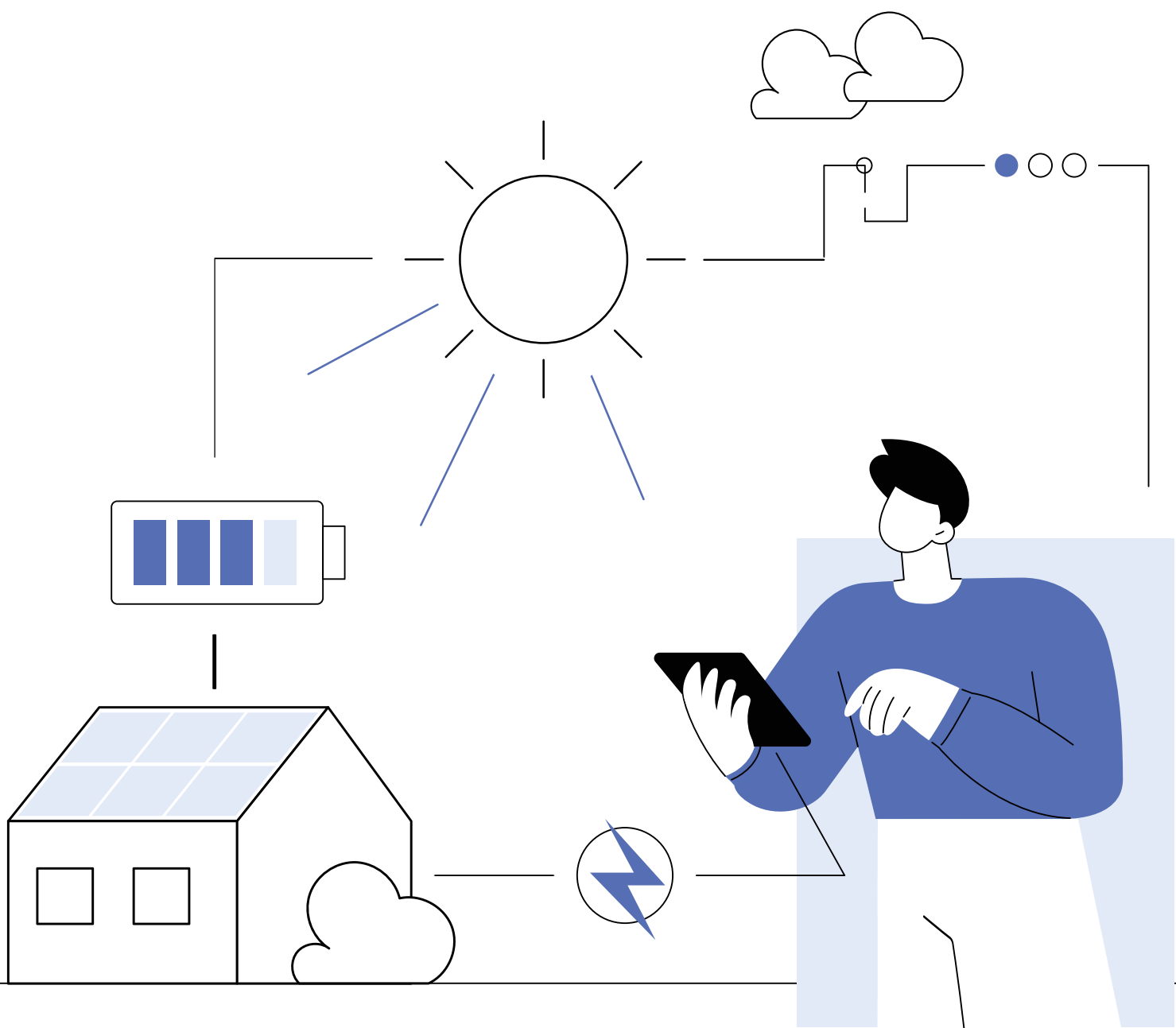
Consolidated accounting schedules

Notes to the financial statements

Impact report

PSI report

Reports of the Independent Auditors





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APPENDIX

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6.1 Annexes

Main risks, including management of the risks generated or suffered, related to the topics introduced by Legislative decree no. 254/16 and arising from the company's operations, products, services or business relationships, including, where significant, supply chains and subcontracting.

Level I risk	Level II risk	Risk description	Potential impact on other risks in the Group's risk map	Material topics	Type of safeguard
Environmental	1_1 Environmental pollution	<p>Risk of introducing into the ecosystem contaminants that alter the ecological balance, mainly related to human activities, such as inefficient waste management.</p> <p>Physical risk: the financial impact of climate change, including more frequent extreme weather events and gradual changes in climate, as well as environmental degradation, i.e., air, water and soil pollution, water stress, loss of biodiversity and deforestation. It includes, inter alia, the risk of adverse climate impacts resulting from inadequate environmental protection procedures.</p> <p>Transition risk: the financial loss that an entity may incur, directly or indirectly, as a result of the adjustment process towards a low-carbon and more environmentally sustainable economy. This could be caused, inter alia, by the relatively sudden adoption of climate and environmental policies, technological progress or changes in consumer confidence and preferences. This includes, inter alia, the risk of litigation if no measures are taken to avoid or reduce negative climate impacts.</p>	<ul style="list-style-type: none"> ● risk of non-compliance with regulations ● non-life, life and health underwriting risk ● market risk ● second-level or indirect risk (reputational risk) 	<ul style="list-style-type: none"> ● Direct environmental impacts and climate change ● Sustainable products and investments 	<ul style="list-style-type: none"> ● Environmental management plan based on ISO 14001 ● Sustainable securities investment policy ● Internal controls ● Group-wide risk management policy



Level I risk	Level II risk	Risk description	Potential impact on other risks in the Group's risk map	Material topics	Type of safeguard
Environmental	1_2 Poor management of natural resources	<p>Risk of wasting energy and food, possibly increasing emissions, food demand and waste generated.</p> <p>Physical risk: the financial impact of climate change, including more frequent extreme weather events and gradual changes in climate, as well as environmental degradation, i.e., air, water and soil pollution, water stress, loss of biodiversity and deforestation. It includes, inter alia, the risk of adverse climate impacts resulting from inadequate environmental protection procedures.</p> <p>Transition risk: the financial loss that an entity may incur, directly or indirectly, as a result of the adjustment process towards a low-carbon and more environmentally sustainable economy. This could be caused, inter alia, by the relatively sudden adoption of climate and environmental policies, technological progress or changes in consumer confidence and preferences. This includes, inter alia, the risk of litigation if no measures are taken to avoid or reduce negative climate impacts.</p>	<ul style="list-style-type: none"> ● second-level or indirect risk (reputational risk) 	<ul style="list-style-type: none"> ● Direct environmental impacts and climate change ● Sustainable products and investments 	<ul style="list-style-type: none"> ● Environmental management plan based on ISO 14001 ● Sustainable securities investment policy ● Internal controls ● Group-wide risk management policy ● Reputational risk management policy

Level I risk	Level II risk	Risk description	Potential impact on other risks in the Group's risk map	Material topics	Type of safeguard
Environmental	1_3 Climate change and escalation in natural disasters	<p>Risk arising from climate change and the consequent escalation in the frequency of natural disasters, as a direct consequence of climate change, with possible loss of human lives and economic losses.</p> <p>Acute physical risks, arising from particular events, especially weather events, such as storms, floods, fires or heat waves. Chronic physical risks, arising from longer-term shifts in climate patterns, such as changes in temperature, sea-level rise, reduced water availability, loss of biodiversity and changes in soils and soil productivity.</p>	<ul style="list-style-type: none"> ● second-level or indirect risk (reputational risk) ● non-life, life and health underwriting risk ● market risk ● strategic risk 	<ul style="list-style-type: none"> ● Direct environmental impacts and climate change ● Sustainable products and investments ● Health, safety and well-being of workers ● Importance of distribution channels ● Community support and impact philanthropy 	<ul style="list-style-type: none"> ● Group Social Media Governance Procedures ● Social Media Policy for employees ● Sensitive claims procedures ● Internal communication policy ● Reputational risk management policy ● Internal controls ● Group-wide risk management policy ● Definition of in-house regulations and procedures ● Disaster recovery/ Contingency plan ● Reinsurance policy ● Internal dashboards for monitoring purposes ● Geospatial intelligence tools for risk management



Level I risk	Level II risk	Risk description	Potential impact on other risks in the Group's risk map	Material topics	Type of safeguard
Social	2_1 Inefficiency in ensuring the safety, health and well-being of employees	Risk of working in an unhealthy environment and/or which disregards the development and enhancement of employees, where the physical and mental welfare of employees can also be affected and damaged, resulting in a drop in productivity and reputational damage for the company	<ul style="list-style-type: none"> ● second-level or indirect risk (reputational risk) ● risk of non-compliance with regulations ● operational risk ● strategic risk ● non-life, life and health underwriting risk 	<ul style="list-style-type: none"> ● Health, safety and well-being of workers ● Privacy & Cybersecurity ● Development and enhancement of human capital ● Culture of inclusion 	<ul style="list-style-type: none"> ● Structured governance ● Definition of in-house regulations and procedures ● Internal controls ● Organisation of company courses and specialist training ● Internal controls ● Reputational risk management policy ● Group-wide risk management policy
	2_2 Lack of social commitment	Risk of not being socially committed, i.e., not joining initiatives or not making donations that improve the well-being of those who live in the area in which the company operates	second-level or indirect risk (reputational risk)	Community support and impact philanthropy	<ul style="list-style-type: none"> ● Structured governance ● Definition of in-house regulations and procedures ● Internal controls ● Reputational risk management policy ● Group-wide risk management policy
	2_3 Failure to respect human rights	Risk of violation of inalienable human rights, i.e., the rights that must be granted to every person just because they belong to mankind, regardless of that person's origins, affiliations or location	<ul style="list-style-type: none"> ● second-level or indirect risk (reputational risk) ● risk of non-compliance with regulations ● Market risk 	<ul style="list-style-type: none"> ● Health, safety and well-being of workers ● Sustainable products and investments ● Community support and impact philanthropy 	<ul style="list-style-type: none"> ● Sustainable securities investment policy ● Definition of in-house regulations and procedures ● Group-wide risk management policy ● Reputational risk management policy ● Policy to manage the risk of non-compliance with Group's regulations

Level I risk	Level II risk	Risk description	Potential impact on other risks in the Group's risk map	Material topics	Type of safeguard
Governance	3_2 Regulatory non-compliance with sustainability issues Lack of transparency Inefficient management of stakeholder relationships	Risk that the company's operations do not comply with the latest regulations or are not transparent in the disclosure of information, damaging the company's image on the market and losing the trust of stakeholders	<ul style="list-style-type: none"> ● level II or indirect risk (risk linked to group membership and reputational risk) ● risk of non-compliance with regulations ● operational risk ● strategic risk 	<ul style="list-style-type: none"> ● Reputation, ethics, and business integrity ● Sustainable products and investments ● Customer centricity ● Importance of distribution channels ● Health, safety and well-being of workers 	<ul style="list-style-type: none"> ● Structured governance ● Definition of in-house regulations and procedures ● Internal controls ● Group-wide risk management policy ● Policy to manage the risk of non-compliance with Group's regulations ● Reputational risk management policy ● Sustainable securities investment policy ● Operational risk management policy
	3_3 Lack of ethics and corporate culture Failure to consider diversity and inclusion	Risk for the company to have a closed mind in terms of ethics and corporate culture vis-à-vis common issues such as diversity and inclusion.	<ul style="list-style-type: none"> ● second-level or indirect risk (reputational risk) ● risk of non-compliance with regulations ● operational risk 	<ul style="list-style-type: none"> ● Development and enhancement of human capital and culture of inclusion ● Innovation and digital transformation 	<ul style="list-style-type: none"> ● Structured governance ● Definition of in-house regulations and procedures ● Organisation of company courses and specialist training ● Internal controls ● Group-wide risk management policy ● Reputational risk management policy ● Operational risk management policy ● Development of gender policies ● Specific projects



Level I risk	Level II risk	Risk description	Potential impact on other risks in the Group's risk map	Material topics	Type of safeguard
Governance	3_4 Fraud and corruption	Risk that the corporate governance system does not ensure integrity in the conduct of the company and that the internal controls do not prevent incidents of fraud, corruption and misconduct that may lead to fines, penalties or damage to the reputation.	<ul style="list-style-type: none"> ● second-level or indirect risk (reputational risk) ● risk of non-compliance with regulations ● operational risk ● strategic risk 	Reputation, ethics, and business integrity	<ul style="list-style-type: none"> ● Group Social Media Governance Procedures ● Social Media Policy for employees ● Sensitive claims procedures ● Structured governance ● Definition of in-house regulations and procedures ● Internal communication policy ● Organisation of company courses and specialist training ● Internal controls ● Group-wide risk management policy ● Reputational risk management policy ● Operational risk management policy ● Remuneration policy ● Group purchasing policy ● Supplier Code of Conduct ● Policy to manage the risk of non-compliance with Group's regulations
	3_5 Lack of sustainable remuneration policies	Risk that the corporate governance system does not promote a sustainable remuneration policy through the close connection between remuneration and performance and between remuneration and value creation, specifically with respect to the remuneration of top managers, which may include a variable part linked to the achievement of ESG goals.	<ul style="list-style-type: none"> ● second-level or indirect risk (reputational risk) ● risk of non-compliance with regulations ● operational risk ● strategic risk 	Development and enhancement of human capital and culture of inclusion	<ul style="list-style-type: none"> ● Structured governance ● Definition of in-house regulations and procedures ● Internal controls ● Remuneration policy ● Group-wide risk management policy

Level I risk	Level II risk	Risk description	Potential impact on other risks in the Group's risk map	Material topics	Type of safeguard
Governance	3_6 Poor economic performance and failure to create sustainable value (achieve the benefit corporation's declared purposes)	Risk of not being in line with the company's strategic guidelines/expected performance targets due to the lack of awareness of sustainable issues and failure to adapt to market developments (financial, insurance, etc.) in this respect	<ul style="list-style-type: none"> ● second-level or indirect risk (reputational risk) ● strategic risk ● operational risk ● market risk ● non-life, life and health underwriting risk 	<ul style="list-style-type: none"> ● Economic performance and creation of sustainable value ● Development and enhancement of human capital and culture of inclusion ● Innovation and digital transformation ● Sustainable products and investments 	<ul style="list-style-type: none"> ● Structured governance ● Definition of in-house regulations and procedures ● Internal controls ● Sustainable securities investment policy ● Investment policy ● Specific projects ● Internal guidelines for classifying insurance products ● Group-wide risk management policy ● Reputational risk management policy ● Operational risk management policy
Governance	3_7 Poor emergency management	Possible lack of of business continuity guarantees due to ESG factors within the production process, leading to the real possibility of being exposed to risks related to environmental emergencies.	<ul style="list-style-type: none"> ● operational risk ● risk of non-compliance with regulations ● second-level or indirect risk (reputational risk) ● strategic risk 	<ul style="list-style-type: none"> ● Health, safety and well-being of workers ● Importance of distribution channels ● Privacy & Cybersecurity 	<ul style="list-style-type: none"> ● Structured governance ● Definition of in-house regulations and procedures ● Business continuity plan ● Disaster recovery plan ● Group-wide risk management policy ● Reputational risk management policy ● Policy to manage the risk of non-compliance with Group's regulations



GRI 2-9B Governance structure and composition

GRI 2-9B	2023						2022					
	Number			Percentage			Number			Percentage		
	Women	Men	Total	Women	Men	Total	Women	Men	Total	Women	Men	Total
Total members	2	13	15	13%	87%	100%	2	13	15	13%	87%	100%
Non-executive members	2	13	15	13%	87%	100%	2	13	15	13%	87%	100%
Executive members	0	0	0	0%	0%	0%	0	0	0	0%	0%	0%
Members subject to independence requirement	2	9	11	13%	60%	73%	2	8	10	13%	53%	66%
Members that belong to under-represented social groups	0	0	0	0%	0%	0%	0	0	0	0%	0%	0%
Members with ESG expertise	1	0	1	7%	0%	7%	1	3	4	7%	20%	27%

GRI 2-21 Annual total compensation ratio

GRI 2-21	2023	2022
Ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual)	15.24	14.33
Report, if present, the percentage increase in annual total compensation for the organization's highest-paid individual compared to the previous year	An increase was recorded in Italy (14%) and in Chile (12.12%).	There were no increases in Italy, while Spain and Chile recorded a 6% increase.
Report, if present, the percentage increase in the median annual total compensation for all employees compared to the previous year (excluding the highest-paid individual)	In Italy, there was a 5% increase and Chile recorded a 4.52% increase.	There was no increase in Italy, while Spain and Chile recorded a 2% and 21% increase, respectively.
Ratio of the percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual)	2.74	6.67
Report contextual information necessary to understand the data and how the data has been compiled	In 2023, the median gross annual salary (RAL) rose by 5%, compared to an increase of 14% for the highest RAL. Consequently, the indicator deviates significantly from that for 2022.	In Chile, there is a large pay gap between management and the rest of the employees. This is due to the fact that the competitiveness of high-level professionals in a highly dynamic market leads to significant gaps between managers' and employees' pay levels. In 2022, salary adjustments were made, also in accordance with the two matrices included in the remuneration policy document (<i>Política de Compensación</i>): accordingly, salaries were not only brought into line with the inflation index and the evolution of the company's business, but were also reorganised in order to make certain salary levels more competitive for certain positions. The mix of fixed and variable remuneration WAS revised, increasing the former and reducing the latter: this resulted in an average rise in fixed salary increases of 21%.

GRI 2-27 Compliance with laws and regulations

Based on the information available to date, during the year, there were no significant instances of non-compliance with laws and regulations.

A sanction repository is being set up which, in the future, will allow the data to be available in a structured format.

GRI 2-30 Collective bargaining agreements

GRI 2-30	2023	2022
Number of employees covered by collective bargaining agreements	3745	3691
Total employees	4076	4011
Percentage of employees covered by collective bargaining agreements	0.92	0.92

GRI 204-1 Proportion of spending on local suppliers of Reale Mutua, Blue Assistance, Italiana Assicurazioni, Reale Ites, Reale Ites Esp

GRI 204-1	2023	2022
Local expenditure	48.88	54.01
Total annual expenditure	237.22	237.04
Percentage of local expenditure	20.61%	22.79%
Report the organization's geographical definition of "local"	Suppliers with their registered offices within a 50 km range of the Turin headquarters for Reale Mutua, Blue Assistance and Reale Ites, of the Milan headquarters for Italiana Assicurazioni and of the Madrid headquarters for Reale Ites Esp were considered.	
Report the definition used for "significant locations of operation"	Significant locations of operation are those with more than 50 employees at the operating offices in Turin, Milan and Madrid.	
If the figure was estimated, report the assumptions made and the estimate methodology used	The figure was extracted from the orders issued by the Group Purchasing function. Therefore, it is not based on estimates.	
Scope limitation (figure and company for which no information is available)	Reale Immobili, Banca Reale, the Spanish companies (except for Reale Ites Esp) and the Chilean companies were excluded. The figures are provided in the tables below.	



GRI 204-1 Proportion of spending on local suppliers of Banca Reale

(in millions of euro)

GRI 204-1	2023	2022
Local expenditure	1.59	0.96
Total annual expenditure	15.64	13.29
Percentage of local expenditure	10.18%	7.22%
Report the organization's geographical definition of "local"	Suppliers with their registered office in the province of Turin were considered.	
Report the definition used for "significant locations of operation"	The significant locations of operations are those with more than 50 employees	
If the figure was estimated, report the assumptions made and the estimate methodology used	The figure is calculated and is not based on estimates	
Scope limitation (figure and company for which no information is available)	The financial consultants and the group companies (both numerator and denominator) were excluded	
Notes and comments on figures	The figures refer to the invoices recorded in the two reference years. Therefore, the total annual expenditure does not represent the total administrative expenses in the income statement.	

GRI 204-1: Proportion of spending on local suppliers of Reale Immobili

GRI 204-1	2023	2022
Local expenditure	24.93	22.37
Total annual expenditure	43.32	48.91
Percentage of local expenditure	57.54%	45.75%
Report the organization's geographical definition of "local"	Suppliers with their registered office within 50 km from the company's registered office were considered.	
Report the definition used for "significant locations of operation"	The significant locations of operations are those with more than 50 employees	
If the figure was estimated, report the assumptions made and the estimate methodology used	The figure is calculated and is not based on estimates	
Scope limitation (figure and company for which no information is available)	No limitation	
Notes and comments on figures	The criterion used to calculate expenditure is the local suppliers' turnover	

GRI 204-1 Proportion of spending on local suppliers of Reale Seguros

GRI 204-1	2023	2022
Local expenditure	€ 32,617,093.00	€ 31,576,840.00
Total annual expenditure	€ 33,308,528.00	€ 32,196,839.00
Percentage of local expenditure	97.92%	98.07%
Report the organization's geographical definition of "local"	All suppliers with a local (Spanish) VAT number were considered.	
Report the definition used for "significant locations of operation"	The operating offices with more than 50 employees were considered.	
If the figure was estimated, report the assumptions made and the estimate methodology used	The figure was extracted from Reale Seguros' ERP. Therefore, it is not based on estimates.	
Scope limitation (figure and company for which no information is available)	The intragroup operations and the expenditure relating to claims were excluded.	

GRI 204-1 Proportion of spending on local suppliers of Reale Chile Seguros

GRI 204-1	2023	2022
Local expenditure	€ 4,200,000.00	€ 4,066,084.00
Total annual expenditure	€ 4,357,000.00	€ 4,149,065.00
Percentage of local expenditure	96.40%	98.00%
Report the organization's geographical definition of "local"	All suppliers based in Chile were considered.	
Report the definition used for "significant locations of operation"	The significant location of operation is in Santiago de Chile, Los Militares 5890.	
If the figure was estimated, report the assumptions made and the estimate methodology used	The figure is based on an estimate compared to the general expenditure of the last 12 months	
Scope limitation (figure and company for which no information is available)	Nothing to report.	

GRI 205-3 Confirmed incidents of corruption and actions taken

GRI 205-3	2023	2022
Total number of confirmed incidents of corruption	0	0
Total number of confirmed incidents in which employees were dismissed or disciplined for corruption	0	0
Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption	0	0
Public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases	0	0



GRI 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices

GRI 206-1	2023	2022
Number of legal actions pending or completed/Main outcomes of completed legal actions, including any decisions or judgements	There are no pending legal actions or actions settled in 2023.	No legal actions for anti-competitive behaviour, monopolistic and anti-monopolistic practices are pending or were brought against the Spanish and Chilean companies. In 2022, the Italian competition authority (AGCM) investigation no. 1856/21 concerning Italiana Assicurazioni was completed with a ruling issued on 10 May 2022 whereby the AGCM made mandatory the commitments proposed by the parties to overcome the concerns raised by the authority with the commencement of the investigation into the alleged exchange of information in the MTPL sector in relation to the operations of certain comparators.

GRI 401-1a New employee hires and employee turnover – number of employee hires and turnover

GRI 401-1a	2023				2022			
	New employee hires				New employee hires			
	<30	30-50	> 50	Total	<30	30-50	> 50	Total
Men	64	95	8	167	82	124	17	223
Women	57	113	5	175	120	124	14	258
Total	121	208	13	342	202	248	31	481
	Employee turnover				Employee turnover			
	<30	30-50	> 50	Total	<30	30-50	> 50	Total
	Men	19	80	63	162	8	69	27
Women	26	94	35	155	9	40	21	70
Total	45	174	98	317	17	109	48	174

GRI 401-1b New employee hires and employee turnover – rate of employee hires and turnover

GRI 401-1a	2023				2022			
	New employee hires				New employee hires			
	<30	30-50	> 50	Total	<30	30-50	> 50	Total
Men	1.57%	2.33%	0.20%	4.10%	2.04%	3.09%	0.42%	5.55%
Women	1.40%	2.77%	0.12%	4.29%	2.99%	3.09%	0.35%	6.43%
Total	2.97%	5.10%	0.32%	8.39%	5.04%	6.18%	0.77%	11.99%
	Employee turnover				Employee turnover			
	<30	30-50	> 50	Total	<30	30-50	> 50	Total
	Men	2.04%	4.29%	1.74%	8.07%	2.24%	4.81%	1.10%
Women	2.04%	5.08%	0.98%	8.10%	3.22%	4.09%	0.87%	8.18%
Total	4.07%	9.37%	2.72%	16.16%	5.46%	8.90%	1.97%	16.33%

GRI 403-8 Workers covered by an occupational health and safety management system

100% of workers (including employees on the company payroll and temporary workers) are covered by an independently audited or certified occupational health and safety management system.

GRI 403-9 Work-related injuries

GRI 403-9	2023			2022		
	Men	Women	Total	Men	Women	Total
Number of recordable work-related injuries	6	0	6	1	4	5
of which, number of fatalities as a result of work-related injury	0	0	0	0	0	0
of which, number of high-consequence work-related injuries (excluding fatalities)	0	0	0	0	0	0
of which, non-serious work-related injuries	6	0	6	1	4	5
Number of hours worked	3,619,667.50	3,323,682.16	6,943,349.66	3,019,937.25	2,617,871.00	5,637,808.25
Rate of recordable work-related injuries	1.66	0.00	0.86	0.33	1.53	0.89
Rate of fatalities as a result of work-related injuries	0.00	0.00	0.00	0.00	0.00	0.00
Rate of high-consequence injuries	0.00	0.00	0.00	0.00	0.00	0.00

Comments: only work-related injuries (including those occurred during remote work) were included. Commuting incidents were not considered, unless the transport had been organized by the group companies. The hours worked do not include those of the Chilean companies.



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

GRI 404-1	2023						2022					
	Hours - Men	Average hours - Men	Hours - Women	Average hours - Women	Total hours	Average total hours	Hours - Men	Average hours - Men	Hours - Women	Average hours - Women	Total hours	Average total hours
Office staff	31,321.77	23.62	31,494.82	19.48	62,816.59	21.34	27,013	20.73	28,151	17.59	55,704	19.18
Middle Management/ Supervisors	22,475.63	33.00	10,299.20	32.70	32,774.83	32.91	19,458.17	29.53	10,543.01	35.74	30,001.18	31.45
Management	3,746.95	34.06	890.95	33.00	4,637.90	33.85	3,409.40	26.43	1,127.16	45.09	4,536.56	29.46
Total	57,544.35	27.18	42,684.97	21.79	100,229.32	24.59	49,880.57	23.85	39,821.17	20.74	90,241.74	22.49

GRI 404-3 Percentage of employees receiving regular performance and career development reviews

GRI 404-3	Employee category	2023	2022
Women	Office staff	100.00%	100.00%
	Middle Management/Supervisors	100.00%	100.00%
	Management	100.00%	100.00%
Men	Office staff	100.00%	100.00%
	Middle Management/Supervisors	100.00%	100.00%
	Management	100.00%	100.00%

GRI 405-1b Diversity of employees – Employee category (number)

GRI 405-1b	2023				2023				Total	2022				2022				Total
	Men				Women					Men				Women				
	<30	30-50	> 50	Total men	<30	30-50	> 50	Total women		<30	30-50	> 50	Total men	<30	30-50	> 50	Total women	
Office staff	128	717	481	1,326	141	996	480	1,617	2,943	116	723	464	1,303	147	1,005	448	1,600	2,903
Middle Management/ Supervisors	4	296	381	681	4	205	106	315	996	1	289	369	659	2	194	99	295	954
Management	0	25	85	110	0	13	14	27	137	0	36	93	129	0	11	14	25	154
Total	132	1038	947	2117	145	1214	600	1959	4076	117	1048	926	2091	149	1211	561	1920	4011

GRI 405-1bb Diversity of employees – Employee category

GRI 405-1bb	2023				2023				Total	2022				2022				Total
	Men				Women					Men				Women				
	<30	30-50	> 50	Total men	<30	30-50	> 50	Total women		<30	30-50	> 50	Total men	<30	30-50	> 50	Total women	
Office staff	3.14%	17.59%	11.80%	32.53%	3.46%	24.44%	11.78%	39.67%	72.20%	2.89%	18.03%	11.57%	32.49%	3.64%	25.08%	11.17%	39.89%	72.38%
Middle Management/ Supervisors	0.10%	7.26%	9.35%	16.71%	0.10%	5.03%	2.60%	7.73%	24.44%	0.02%	7.18%	9.22%	16.43%	0.05%	4.84%	2.47%	7.35%	23.78%
Management	0.00%	0.61%	2.09%	2.70%	0.00%	0.32%	0.34%	0.66%	3.36%	0.00%	0.90%	2.32%	3.22%	0.02%	0.25%	0.35%	0.62%	3.84%
Total	3.24%	25.47%	23.23%	51.94%	3.56%	29.78%	14.72%	48.06%	100.00%	2.92%	26.10%	23.11%	52.13%	3.71%	30.17%	13.99%	47.87%	100.00%

GRI 405-1a Diversity in the governance bodies (number and % by age group)

GRI 405-1a	2023								Total	2022								Total
	Men				Women					Men				Women				
	<30	30-50	> 50	Total	<30	30-50	> 50	Total		<30	30-50	> 50	Total	<30	30-50	> 50	Total	
Individuals within the governance body broken down by age group	0	0	13	13	0	0	2	2	15	0	0	13	13	0	0	2	2	15
Individuals within the governance body broken down by age group compared to the total	0.00%	0.00%	86.67%	86.67%	0.00%	0.00%	13.33%	13.33%	100.00%	0.00%	0.00%	86.67%	86.67%	0.00%	0.00%	13.33%	13.33%	100.00%

GRI 405-2 Ratio of basic salary and remuneration of women to men

GRI 405-2	2023			2022		
Basic salary	Men	Women	Ratio women to men	Men	Women	Ratio women to men
Office staff	37	34	0.92	37	34	0.92
Middle Management/Supervisors	60	48	0.80	61	51	0.84
Management	126	62	0.49	138	72	0.52



GRI 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data

GRI 418-1	2023	2022
Proved complaints received from external parties confirmed by the organisation	10	13
Proved complaints received from regulatory bodies	2	2
Total	12	15
Total number of identified leaks, thefts, or losses of customer data	34	23
Number of leaks, thefts, or losses of customer data reported to the Italian Data Protection Authority	0	0

Comments: all reports from external parties were handled and resolved by the data controller companies, without the need to report to the Italian Data Protection Authority.

Independent indicator 904: training for agents, intermediaries and brokers

904		2023			2022		
		Courses	Hours	Participants	Courses	Hours	Participants
Agency network	Classroom courses	153	46047	5655	68	14418	2673
	Virtual classroom courses	134	26317	7063	311	41785	18656
	Online courses	777	228135	90663	635	225121	163731
Brokers	Classroom courses	27	852	229	12	1961	692
	Virtual classroom courses	35	36	167	13	801	705
	Online courses	61	766	490	53	8280	2838
Banking intermediaries	Classroom courses	0	0	0	0	0	0
	Virtual classroom courses	0	0	0	0	0	0
	Online courses	0	0	0	0	0	0

Independent indicator 905: Customer centricity – Customer retention rate

905	2023	2022
Total number of customers at the end of the reporting period	4970847	4854163
New customers added during the reporting period	697988	621108
Customers at the end of the previous reference period	4847580	4828695
Customer retention rate	88.14%	87.66%

Independent indicator 950 – FS7 Monetary value in euro of products and services with a specific benefit in the social context, for each business line and goal

FS7	2023	2022
Investments - Separate Management Component of traditional multi-business products, Separate Management, fully sustainable Multi-business or Unit-linked products	1201994936.65	1002083404.11
Sickness and Protection - Policies to supplement the public health service and protection of loved ones against financial problems in case of death	29905731.79	27864796.23
Incentivising - Products that promote a responsible and health lifestyle	1392012.33	1138797.07
Disadvantaged customers - Policies/Services that meet the needs of disadvantaged customers (e.g., young, elderly, disabled, immigrants)	5070046.14	4277855.77
Total products/services sold (Life, Accident and Sickness)	1238362726.91	1035364853.18
Percentage of products with a social value compared to total products/services sold	184.02%	92.89%

Independent indicator 950 – FS8 Monetary value in euro of products and services with a specific benefit in the environmental context, for each business line and goal

FS8	2023	2022
Energy transition - Low carbon/renewable energy and CCS Assicurazione buildings/plants Construction insurance "Lost revenue" insurance TPL / EL / D&O Insurance	9063635.80	10767566.33
Eco-efficient buildings - Construction insurance - Buildings insurance - TPL/EL/D&O insurance - Mortgages	0.00	0.00
Sustainable mobility - Shared/urban mobility and low carbon transport - Low mileage MTPL policies, Theft policy, Comprehensive fire insurance for shared mobility	4750283.74	3276351.19
Plants and Buildings - Plants and buildings insurance in the event of damage caused by catastrophic events linked to climate - Loans linked to superbonus/ecobonus	137770233.02	164551082.71
Business interruption - Insurance in the event of business interruption connected to catastrophic events linked to climate (loss of income, special expenditure, damage to suppliers)	0.00	0.00
Parametric solutions - Parametric or indexed products connected to climate variables (rainfall, temperatures)	0.00	0.00
Total products sold (Non-life business)	151584152.56	168932992.08

The "Plants and Buildings" category changed in 2022 since, due to changes in the internal reporting methodology of the figure, the premiums for earthquake guarantees were also considered.



6.2 GRI Content Index

The GRI Content Index is shown below.

GRI Content Index

Purpose	Reale Group prepared a report in compliance with the GRI Standards for the period 1 January 2023 - 31 December 2023
GRI 1 used	GRI 1: Foundation 2021
GRI sector standard	N/A

GRI STANDARD/ OTHER SOURCE	POLICY	LOCATION		OMISSION			REF. NO. GRI SECTOR STANDARD
		SECTION	PAGE	OMITTED REQUIREMENTS	REASON	EXPLANATION	
GENERAL INFORMATION							
GRI 2: General disclosures 2021	2-1 Organizational details	2.2.2 Activities and sectors	13				N/A
	2-2 Entities included in the organization's sustainability reporting	2.2.2 Activities and sectors	13				N/A
	2-3 Reporting period, frequency and contact point	2.1 Methodological notes	10				N/A
	2-4 Restatement of information	2.1 Methodological notes	10				N/A
	2-5 External assurance	2.7 Auditing	85				N/A
	2-6 Activities, value chain and other business relationships	2.2.2 Activities and sectors 5.2.3.2 Reputation, ethics, and business integrity	13 175				N/A
	2-7 Employees	5.2.2 Human assets	141				N/A
	2-8 Workers who are not employees	5.2.2 Human assets	141				N/A
	2-9 Governance structure and composition	4.1 Corporate Governance 6.1 Annexes	106 224				N/A
	2-10 Nomination and selection of the highest governance body	4.1 Corporate Governance	106				N/A

GRI STANDARD/ OTHER SOURCE	POLICY	LOCATION		OMISSION			REF. NO. GRI SECTOR STANDARD
		SECTION	PAGE	OMITTED REQUIREMENTS	REASON	EXPLANATION	
GRI 2: General disclosures 2021	2-11 Chair of the highest governance body	4.1 Corporate Governance	106				N/A
	2-12 Role of the highest governance body in overseeing the management of impacts	4.1 Corporate Governance	106				N/A
	2-13 Delegation of responsibilities for managing impacts	4.1 Corporate Governance	106				N/A
	2-14 Role of the highest governance body in sustainability reporting	4.1 Corporate Governance	106				N/A
	2-15 Conflicts of interest	4.1 Corporate Governance	106				N/A
	2-16 Communication of critical concerns	5.2.3.2 Reputation, ethics, and business integrity	175				N/A
	2-17 Collective knowledge of the highest governance body	5.2.2.1 Development and enhancement of human assets and culture of inclusion	146				N/A
	2-18 Evaluation of the performance of the highest governance body	4.1 Corporate Governance	106				N/A
	2-19 Remuneration policies	4.3 Remuneration and incentive system	122				N/A
	2-20 Process for determining remuneration	4.3 Remuneration and incentive system	122				N/A
	2-21 Annual total compensation ratio	6.1 Annexes	224				N/A
	2-22 Statement on sustainable development strategy	1. Letters to the stakeholders	6				N/A
	2-23 Policy commitments	2.2 Reale Group 5.2.2 Human assets	12 141				N/A



GRI STANDARD/ OTHER SOURCE	POLICY	LOCATION		OMISSION			REF. NO. GRI SECTOR STANDARD
		SECTION	PAGE	OMITTED REQUIREMENTS	REASON	EXPLANATION	
GRI 2: General disclosures 2021	2-24 Embedding policy commitment	5.2.2 Human assets	141				N/A
	2-25 Processes to remediate negative impacts	3.2 Materiality analysis	95				N/A
		5.2.3 Social and relationship assets	171				
	2-26 Mechanism for seeking advice and raising concerns	5.2.3 Social and relationship assets	171				N/A
	2-27 Compliance with laws and regulations	6.1 Annexes	224	Incomplete information	No database exists.	A "sanction repository" will be launched in January 2024. This database will comprise all sanctions resulting from instances of non-compliance with laws and regulations.	N/A
	2-28 Membership associations	3.1 Stakeholder engagement	88				N/A
	2-29 Approach to stakeholder engagement	3.1 Stakeholder engagement	88				N/A
2-30 Collective bargaining agreements	6.1 Annexes	224				N/A	
MATERIAL TOPICS							
GRI 3: material topics 2021	3-1 Process to determine material topics	3.2 Materiality analysis	95				N/A
	3-2 List of material topics	3.2 Materiality analysis	95				N/A
ECONOMIC PERFORMANCE AND CREATION OF SUSTAINABLE VALUE							
GRI 3: material topics 2021	3-3 Management of material topics	5.2.1.1 Creation and distribution of sustainable economic value	132				N/A
		6.1 Annexes	224				
GRI 201: Economic performance 2016	201-1A Direct economic value generated and distributed	5.2.1.1 Creation and distribution of sustainable economic value	132				N/A

GRI STANDARD/ OTHER SOURCE	POLICY	LOCATION		OMISSION			REF. NO. GRI SECTOR STANDARD
		SECTION	PAGE	OMITTED REQUIREMENTS	REASON	EXPLANATION	
GRI 204: Procurement practices 2016	204 -1 Proportion of expenditure on local suppliers	6.1 Annexes	224				N/A
DIRECT ENVIRONMENTAL IMPACTS AND CLIMATE CHANGE							
GRI 3: material topics 2021	3-3 Management of material topics	5.2.6.1 Management of direct environmental impacts and climate change 6.1 Annexes	206 224				N/A
GRI 201: Economic performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	5.2.6.1 Management of direct environmental impacts and climate change	206				N/A
GRI 302: Energy 2016	302-1 (A/B/C) Energy consumption within the organization (in G)	5.2.6.1 Management of direct environmental impacts and climate change	206				N/A
	302-3 (A/B/C/D) Energy intensity (in G)	5.2.6.1 Management of direct environmental impacts and climate change	206				N/A
GRI 303: Water and effluents 2018	303-1 Interactions with water as a shared resource	5.2.6.1 Management of direct environmental impacts and climate change	206				N/A
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	5.2.6.1 Management of direct environmental impacts and climate change	206				N/A
	305-2 Energy indirect (Scope 2) GHG emissions	5.2.6.1 Management of direct environmental impacts and climate change	206				N/A
	305-3 Other indirect (Scope 3) GHG emissions	5.2.6.1 Management of direct environmental impacts and climate change	206				N/A
	305-4 GHG emissions intensity	5.2.6.1 Management of direct environmental impacts and climate change	206				N/A



GRI STANDARD/ OTHER SOURCE	POLICY	LOCATION		OMISSION			REF. NO. GRI SECTOR STANDARD
		SECTION	PAGE	OMITTED REQUIREMENTS	REASON	EXPLANATION	
GRI 305: Emissions 2016	305-4 GHG emissions intensity	5.2.6.1 Management of direct environmental impacts and climate change	206				N/A
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	5.2.6.1 Management of direct environmental impacts and climate change	206				N/A
	306-2 Management of significant waste-related impacts	5.2.6.1 Management of direct environmental impacts and climate change	206				N/A
	306-3 Waste generated	5.2.6.1 Management of direct environmental impacts and climate change	206				N/A
COMMUNITY SUPPORT AND IMPACT PHILANTHROPY							
GRI 3: material topics 2021	3-3 Management of material topics	5.2.3.3 Community support and impact philanthropy	189				N/A
GRI 203: Indirect economic impacts 2016	203-2 Significant indirect economic impacts	5.2.3.3 Community support and impact philanthropy	189				N/A
REPUTATION, ETHICS, AND BUSINESS INTEGRITY							
GRI 3: material topics 2021	3-3 Management of material topics	4.1 Corporate Governance 5.2.3.2 Reputation, ethics, and business integrity 6.1 Annexes	106 175				N/A
GRI 205: Anti-corruption 2016	205-2A Communication and training about anti-corruption policies and procedures - Governance body members	5.2.3.2 Reputation, ethics, and business integrity	175				N/A
	205-2B Communication and training about anti-corruption policies and procedures - Employee category	5.2.3.2 Reputation, ethics, and business integrity	175				N/A

GRI STANDARD/ OTHER SOURCE	POLICY	LOCATION		OMISSION			REF. NO. GRI SECTOR STANDARD
		SECTION	PAGE	OMITTED REQUIREMENTS	REASON	EXPLANATION	
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	6.1 Annexes	224				N/A
GRI 206: Anti-competitive behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	6.1 Annexes	224				N/A
GRI 207: Tax 2019	207-1 Approach to tax	4.1 Corporate Governance	106				N/A
	207-2 Tax governance, control and risk management	4.1 Corporate Governance	106				N/A
	207-3 Stakeholder engagement and management of concerns related to tax	4.1 Corporate Governance	106				N/A
	207-4A Country-by-country reporting	4.1 Corporate Governance	106				N/A
DEVELOPMENT AND ENHANCEMENT OF HUMAN CAPITAL AND CULTURE OF INCLUSION							
GRI 3: material topics 2021	3-3 Management of material topics	5.2.2.1 Development and enhancement of human assets and culture of inclusion 5.2.2.2 Health, safety and well-being of workers 6.1 Annexes	146 160				N/A
GRI 401: Employment 2016	401-1A New employee hires and employee turnover - Number of new hires and employee turnover	6.1 Annexes	224				N/A
	401-1B New employee hires and employee turnover - Rate of new employee hires and employee turnover	6.1 Annexes	224				N/A
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.2.2.1 Development and enhancement of human assets and culture of inclusion	146				N/A



GRI STANDARD/ OTHER SOURCE	POLICY	LOCATION		OMISSION			REF. NO. GRI SECTOR STANDARD
		SECTION	PAGE	OMITTED REQUIREMENTS	REASON	EXPLANATION	
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system	5.2.2.2 Health, safety and well-being of workers	160				N/A
	403-2 Hazard identification, risk assessment, and incident investigation	5.2.2.2 Health, safety and well-being of workers	160				N/A
	403-3 Occupational health services	5.2.2.2 Health, safety and well-being of workers	160				N/A
	403-4 Worker participation, consultation, and communication on occupational health and safety	5.2.2.2 Health, safety and well-being of workers	160				N/A
	403-5 Worker training on occupational health and safety	5.2.2.2 Health, safety and well-being of workers	160				N/A
	403-6 Promotion of worker health	5.2.2.2 Health, safety and well-being of workers	160				N/A
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.2.2.2 Health, safety and well-being of workers	160				N/A
	403-8 Workers covered by an occupational health and safety management system	6.1 Annexes	224				N/A
	403-9 Work-related injuries	6.1 Annexes	224				N/A
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	6.1 Annexes	224				

GRI STANDARD/ OTHER SOURCE	POLICY	LOCATION		OMISSION			REF. NO. GRI SECTOR STANDARD
		SECTION	PAGE	OMITTED REQUIREMENTS	REASON	EXPLANATION	
GRI 404: Training and education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	5.2.2.1 Development and enhancement of human assets and culture of inclusion	146				N/A
	404-3 Percentage of employees receiving regular performance and career development reviews	6.1 Annexes	224				N/A
GRI 405: Diversity and equal opportunity 2016	405-1A Diversity of governance bodies (number and % by age group)	6.1 Annexes	224				N/A
	405-1B Diversity of employees - Employee category (number)	6.1 Annexes	224				N/A
	405-1BB Diversity of employees - Employee category	6.1 Annexes	224				N/A
	405-2 Ratio of basic salary and remuneration of women to men	6.1 Annexes	224				N/A
PRIVACY & CYBERSECURITY							
GRI 3: material topics 2021	3-3 Management of material topics	6.1 Annexes	224				N/A
GRI 418: Customer privacy 2016	418-1 Proven complaints regarding breaches of customer privacy and loss of customer data	6.1 Annexes	224				N/A



Independent indicators

GRI STANDARD/ OTHER SOURCE	POLICY	LOCATION	
		SECTION	PAGE
Importance of distribution channels	904 Independent indicator: Training of agents, intermediaries and brokers	6.1 Annexes	224
Customer centricity	905 Independent indicator: Customer centricity - Customer retention rate	6.1 Annexes	224
Sustainable products and investments	950 - FS7 Monetary value of products and services with a specific benefit in the social context, for each business line and goal	6.1 Annexes	224
Sustainable products and investments	950 - FS8 Monetary value of products and services with a specific benefit in the environmental context, for each business line and goal	6.1 Annexes	224

6.3 Summary table of information relating to climate change (TCFD)

TCFD AREA	SPECIFIC TOPICS	PAGE
Governance	a. Board's oversight b. Management's role	106
Strategy	a. Risks and opportunities b. Impact on organization c. Resilience of strategy	18
Risk Management	a. Risk identification & assessment processes b. Risk management processes c. Integration into overall risk management	116
Indicators and goals	a. Climate-related metrics b. Scope 1,2,3 GHG Emissions c. Climate-related targets	209

6.4 Glossary

A

ALM (Asset Liability Management)
AMICE (Association of Mutual Insurers and Insurance Cooperatives in Europe)
ANIA (Italian Association of Insurance Companies)

B

BCE (European Central Bank)

C

CEIOPS (Committee of European Insurance and Occupational Pensions Supervisors)
CFT (Combating the Financing of Terrorism)
CoE (Data Science Centre of Excellence)
CRM (Customer Relations Management)
CoR (Combined ratio)
CSDD (Corporate Sustainability Due Diligence Directive)
CSRD (Corporate Sustainability Reporting Directive)

D

DUVRI (Combined Interference Risk Assessment Report)

E

EBA (European Banking Authority)
EIOPA (European Insurance and Occupational Pensions Authority)
ESG (Environmental, Social and Governance)
ESRS (European Sustainability Reporting Standards)
EURAPCO (European Alliance Partners Company)

G

GDPR (General Data Protection Regulation)
GHG (GreenHouse Gas)
GRI (Global Reporting Initiative)

H

HR (Human Resources)

I

IMF (International Monetary Fund)
IDD (Insurance Distribution Directive)
IFS (Insurer Financial Strength)
IIRC (International Integrated Reporting Council)
IVASS (Italian Insurance Supervisory Authority)

K

KPI (Key Performance Indicators)

L

LB (Location Based)



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Reports of the Independent Auditors

MB (Market Based)
MiFID (Markets in financial instruments directive)



NFS (Non-Financial Statement)
NBV (New Business Value)
NGOs (Non-Governmental Organisations)
NPS (Net Promoter Score)
NFRD (Non-Financial Reporting Directive)
NTP (Nota técnica de prevención)



OECD (Organization for Economic Co-operation and Development)
OH&SMS (Occupational Health and Safety Management System)
(Social Return on Investment)



PAI (Principal Adverse Impacts)
PSI (Principles of Sustainable Insurance)



RLS (Workers' Health and Safety Representative)
ROE (Return on Equity)
RSPP (Head of the Prevention and Protection Function)



SCP (Safety and Coordination Plan)
SADC (Servicio de Atención y Defensa del Cliente)
SCR (Selective Catalytic Reduction)
SDGs (Sustainable Development Goals)
SMF (Safety Management Function)



TCFD (Task Force on Climate-related Financial Disclosures)
TMC (Life Term Insurance Policy)



UNGC (United Nations Global Compact)
UNHCR (United Nations High Commissioner for Refugees)
USCI (Ultimate Italian Parent Company)
UCIT (Undertakings for Collective Investment in Transferable Securities)
UNO (United Nations Organization)





7

CONSOLIDATED ACCOUNTING SCHEDULES

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7.1 Balance sheet

Assets

(in thousands of euro)

	2023 FINANCIAL YEAR	2022 FINANCIAL YEAR
1 INTANGIBLE ASSETS	416,160	404,918
of which: Goodwill	256,712	256,712
2 TANGIBLE ASSETS	267,418	270,428
3 INSURANCE ASSETS	842,800	497,400
3.1 Insurance contracts written that constitute assets	142	34
3.2 Reinsurance cessions that constitute assets	842,658	497,366
4 INVESTMENTS	19,256,464	18,878,512
4.1 Investment property	875,434	910,659
4.2 Equity investments in associates and j.v.	77,091	39,594
4.3 Financial assets valued at amortised cost	816,145	792,109
4.4 Financial assets valued at FV with impact on total income	13,723,253	13,420,722
4.5 Financial assets valued at FV recorded in income st	3,764,541	3,715,428
4.5a <i>Financial assets held for trading</i>	4,118	17,490
4.5b <i>Financial assets designated at FV</i>	2,551,288	2,296,484
4.5c <i>Other financial assets mandatorily valued at FV</i>	1,209,135	1,401,454
5 OTHER FINANCIAL ASSETS	920,125	934,463
6 OTHER ASSETS	1,117,385	1,143,436
6.1 Non-current assets or of a disposal group HFS	47,771	15,138
6.2 Tax assets	625,874	846,400
6.2a <i>Current tax assets</i>	74,858	62,576
6.2b <i>Deferred tax assets</i>	551,016	783,824
6.3 Other asset items	443,740	281,898
7 CASH AT BANK AND IN HAND AND CASH EQUIVALENTS	319,381	190,696
TOTAL ASSETS	23,139,733	22,319,853



Shareholders' equity and Liabilities

(in thousands of euro)

	2023 FINANCIAL YEAR	2022 FINANCIAL YEAR
1 SHAREHOLDERS' EQUITY	3,366,634	3,173,876
1.1 Capital	60,000	60,000
1.2 Other equity instruments	0	0
1.3 Capital reserves	0	0
1.4 Retained earnings and other equity reserves	3,233,661	3,117,403
1.5 (Treasury stock)	0	0
1.6 Valuation reserves	(85,183)	(128,099)
1.7 Minority interest in shareholders' equity	1,238	1,020
1.8 Parent company interest in net income (loss) for the year	156,923	123,514
1.9 Minority interest in net income (loss) for the year	(5)	38
2 PROVISIONS FOR RISKS AND CHARGES	85,783	94,559
3 INSURANCE LIABILITIES	17,311,437	16,513,588
3.1 Insurance contracts written that constitute liabilities	17,310,546	16,513,240
3.2 Reinsurance contracts written that constitute liabilities	891	348
4 FINANCIAL LIABILITIES	1,035,912	1,046,783
4.1 Financial Liabilities valued at FV recorded in income st	1,685	2,037
4.1a <i>Financial Liabilities held for trading</i>	1,685	2,037
4.1b <i>Financial Liabilities designated at FV</i>	0	0
4.2 Financial Liabilities valued at CA	1,034,227	1,044,746
5 PAYABLES	484,973	499,128
6 OTHER LIABILITIES	854,994	991,919
6.1 Liabilities associated with disposal groups held for sale	0	489
6.2 Tax liabilities	681,166	841,655
6.2a <i>Current tax liabilities</i>	42,432	37,403
6.2b <i>Deferred tax liabilities</i>	638,734	804,252
6.3 Other liabilities	173,828	149,775
TOTAL LIABILITIES AND EQUITY	23,139,733	22,319,853

7.2 Income statement

(in thousands of euro)

	FINANCIAL 2023	FINANCIAL 2022
1 Insurance income from insurance contracts written	4,017,348	3,861,985
2 Insurance services expenses from insurance contracts written	(4,072,166)	(3,498,576)
3.5 Net insurance income/expenses from cessions to reinsurance	223,252	(97,777)
5 INSURANCE SERVICES RESULT	168,434	265,632
6 Income/Expenses from fin. ass. and liab. valued at FV posted in income st.	300,191	(448,940)
7 Income/Expenses from equity investments in associates and jv	44,841	5,503
8 Income/Expenses from other fin. ass. and liab. and from inv. property	445,145	392,196
8.1 Interest income	370,372	275,319
8.2 Interest expense	(11,619)	(3,811)
8.3 Other income/expenses	79,714	80,067
8.4 Realised profits/losses	28,485	60,925
8.5 Profits/losses from valuation	(21,807)	(20,304)
8.5.1 of which Connected with impaired financial assets	(6,309)	(3,508)
9 NET INVESTMENT INCOME	790,177	(51,241)
10 Net Expenses/Income of fin. nature relating to ins. contracts written	(533,163)	151,753
11 Net Income/Expenses of fin. nature relating to cess. to reins	(1,973)	(3,042)
12 NET FINANCIAL RESULT	255,041	97,470
13 Other income/expenses	27,039	26,124
14 Operating expenses:	(194,424)	(187,997)
14.1 Investment management expenses	(32,261)	(37,268)
14.2 Other administrative expenses	(162,163)	(150,729)
15 Net provisioning to risks and charges provisions	8,786	20,753
16 Net adjustments/write-backs on tangible assets	(15,631)	(15,489)
17 Net adjustments/write-backs on intangible assets	(45,535)	(39,452)
17.1 of which adjustments of goodwill value	0	0
18 Other operating expenses/income	(9)	0
19 PROFIT (LOSS) FOR THE YEAR BEFORE TAXES	203,701	167,041
20 Taxes	(46,783)	(43,489)
21 PROFIT (LOSS) FOR THE YEAR AFTER TAXES	156,918	123,552
22 PROFIT (LOSS) ON DISCONTINUED OPERATIONS	0	0
23 CONSOLIDATED PROFIT (LOSS)	156,918	123,552
of which Parent company interest	156,923	123,514
of which minority interest	(5)	38



7.3 Comprehensive income statement

(in thousands of euro)

	2023 FINANCIAL YEAR	2022 FINANCIAL YEAR
1 Profit (loss) for the year	156,918	123,552
2 Other income items net of taxes not reclassified to the income statement	(729)	6,087
2.1 Share of valuation reserves of investments valued at equity	0	0
2.2 Change in the intangible assets valuation reserve	0	0
2.3 Change in the tangible assets valuation reserve	0	0
2.4 Income or expenses of financial nature relating to insurance contracts written	0	0
2.5 Income or charges relating to non-current assets or of a disposal group held for sale	0	0
2.6 Actuarial gains and losses and adjustments relating to defined benefit plans	(3,066)	4,637
2.7 Income or expenses on capital securities designated at fair value with impact on total profitability	2,337	1,450
2.8 Change of credit rating on financial liabilities designated at fair value with impact on income statement	0	0
2.9 Other elements	0	0
3 Other income items net of taxes with reclassification in the income statement	43,645	(84,059)
3.1 Change in the reserve for net exchange differences	(8,223)	5,596
3.2 Income or expenses on financial assets (other than capital securities) at fair value with impact on total profitability	539,987	(2,030,260)
3.3 Gains or losses on cash flow hedges	0	0
3.4 Gains or losses on hedges of net investments in foreign entities	0	0
3.5 Share of valuation reserves of investments valued at equity	(452)	1,775
3.6 Income or expenses of financial nature relating to insurance contracts written	(501,813)	1,955,799
3.7 Income or expenses of financial nature relating to cessions to reinsurance	14,146	(16,969)
3.8 Income or expenses relating to non-current assets or to disposal groups held for sale	0	0
3.9 Other elements	0	0
4 TOTAL OTHER COMPREHENSIVE INCOME	42,916	(77,972)
5 TOTAL CONSOLIDATED COMPREHENSIVE INCOME	199,834	45,580
5.1 of which: Parent company interest	199,839	45,546
5.2 of which: minority interest	(5)	34

7.4 Statement of changes in shareholders' equity

(in thousands of euro)

	Capital	Other equity instruments	Capital reserves	Retained earnings and other equity reserves
Figures at 1.1.2022	60,000			3,086,896
of which: Change of opening balances				50,310
Allocation of 2021 financial year result				
Net technical				
Dividends and other uses				
Changes for the year				
Issue of new shares				
Purchase of treasury stock				
Changes in ownership interest				
Statement of comprehensive income				
Other changes				(18,706)
Figures at 31.12.2022	60,000			3,118,500
Change of opening balances				
Allocation of 2022 financial year result				
Net technical				123,552
Dividends and other uses				
Changes for the year				
Issue of new shares				
Purchase of treasury stock				
Changes in ownership interest				
Statement of comprehensive income				
Other changes				(7,076)
Figures at 31.12.2023	60,000			3,234,976



(in thousands of euro)

<u>Treasury stock</u>	<u>Valuation reserves</u>	<u>Profit (loss) for the year</u>	<u>Parent company's shareholders' equity</u>	<u>Minority interest in shareholders' equity</u>	<u>Total shareholders' equity</u>
	8,873	0	3,154,743	1,026	3,155,769
	(59,077)		(8,764)	(3)	(8,767)
					0
					0
					0
					0
					0
					0
	(77,972)		(77,968)	(4)	(77,972)
		123,552	104,807	39	104,846
	(128,176)	123,552	3,172,818	1,058	3,173,876
					0
					0
		(123,552)			0
					0
					0
					0
					0
					0
	42,916		42,916		42,916
		156,918	149,667	175	149,842
	(85,260)	156,918	3,365,401	1,233	3,366,634

7.5 Cash flow statement (indirect method)

(in thousands of euro)

	2023 FINANCIAL YEAR	2022 FINANCIAL YEAR
Net liquidity generated/absorbed by:	(+/-)	(+/-)
Profit (loss) for the year (+/-)	156,918	123,552
Net income and expenses of insurance contracts written and cessions to reinsurance (+/-)	366,702	(414,344)
Capital gains/losses on financial assets at fair value recorded in income statement (-/+)	(246,711)	339,264
Other non-monetary income and expenses on financial instruments, investment property and equity investments (+/-)	(23,237)	14,801
Net provisioning to risks and charges provisions (+/-)	(8,786)	(20,753)
Interest income, dividends, income expense, taxes (+/-)	(355,981)	(275,876)
Other adjustments (+/-)	61,166	54,941
Interest income collected (+)	403,305	305,606
Dividends collected (+)	4,973	10,022
Interest expense paid (-)	(11,919)	(5,339)
Taxes paid (-)	(40,379)	(34,413)
Net liquidity generated/absorbed by other monetary items relating to operating activity	(+/-)	(+/-)
Insurance contracts written that constitute liabilities/assets (+/-)	(513,263)	376,047
Reinsurance cessions that constitute assets/liabilities (+/-)	(104,792)	(37,414)
Liabilities arising on financial contracts issued by insurance companies (+/-)	0	0
Loans to banking subsidiaries (+/-)	97,135	(12,377)
Liabilities of banking subsidiaries (+/-)	3,985	32,871
Other financial assets and liabilities at fair value recorded in income statement (+/-)	197,246	(272,799)
Other financial assets and liabilities (+/-)	(114,078)	(195,932)
Total net liquidity generated/absorbed from operating activities	(127,716)	(12,143)

cont. >>



>> cont.

(in thousands of euro)

	2023 FINANCIAL YEAR	2022 FINANCIAL YEAR
Net liquidity generated/absorbed by	(+/-)	(+/-)
Sale/purchase of investment property (+/-)	20,894	24,862
Sale/purchase of Equity investments in associates and joint ventures (+/-)	7,547	1,154
Dividends collected on equity investments (+)	0	0
Sale/purchase of financial assets valued at amortised cost (+/-)	(9,780)	(6,346)
Sale/purchase of financial assets valued at fair value with impact on total profitability (+/-)	354,274	(7,682)
Sale/purchase of tangible and intangible assets (+/-)	(69,397)	(66,148)
Sale/purchase of subsidiaries and business branches (+/-)	0	0
Other net cash flows from investment activities (+/-)	(32,632)	15,460
Total net liquidity generated/absorbed by investment activities	270,906	(38,700)
Net liquidity generated/absorbed by	(+/-)	(+/-)
Issuances/purchases of capital instruments (+/-)	0	0
Issuances/purchases of treasury stock (+/-)	0	0
Distribution of dividends and other purposes (+/-)	0	0
Sale/purchase of minority interests (+/-)	0	0
Issuances/purchases of subordinated liabilities and Financial liabilities with discretionary participation feature (+/-)	0	0
Issuances/purchases of liabilities valued at amortised cost (+/-)	(14,505)	49,662
Total net liquidity generated/absorbed by financing activities	(14,505)	49,662
NET LIQUIDITY GENERATED/ABSORBED IN THE FINANCIAL YEAR	128,685	(1,181)

(in thousands of euro)

AMOUNT

Financial statements items	2023 FINANCIAL YEAR	2022 FINANCIAL YEAR
Cash and cash equivalents at the beginning of the year	190,696	191,877
Total net liquidity generated/absorbed in the financial year	128,685	(1,181)
Cash and cash equivalents: effect of change of exchange rates	0	0
Cash and cash equivalents at the end of the year	319,381	190,696



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NOTES TO THE FINANCIAL STATEMENTS

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8.1 General accounting principles

Statement of compliance with International Accounting Standards

Reale Group's consolidated financial statements have been prepared in accordance with international accounting standards and in conformity with the provisions of ISVAP Regulation no. 7 of 13 July 2007 as amended. In particular, with measure no. 121 of 7 June 2022, IVASS amended and supplemented Regulation no. 7 and the related annexes required for annual reporting in order to incorporate the changes made by IFRS 17 regarding the presentation and disclosure of accounting items relating to insurance contracts.

The schedules of the Balance Sheet, Income Statement, Changes in Shareholders' Equity, Cash Flow Statement and the annexes to the Notes to the Consolidated Financial Statements comply with the formats defined by the Supervisory Authority with Regulation No. 7 of 13 July 2007, amended with the measure dated 7 June 2022 and were compiled according to the instructions set forth in that Regulation. In the annexes to the Notes to the Financial Statements, where there is an X, this means that this is information not required by IVASS.

Basis of preparation

The Financial Statements have been prepared according to the going concern principle. For the reasons set forth in the Report on Operations, to which reference should be made, no uncertainty exists regarding the Group's ability to continue to operate as a functioning entity.

CONSOLIDATION PRINCIPLES

Financial statements used for consolidation

The Consolidated Financial Statements have been prepared using, for the consolidated companies, the reporting package drawn up according to the instructions of the Parent Company.

Date of the Consolidated Financial Statements

The reference date is 31 December, the date on which all consolidated companies close their accounts.

Presentation currency

The financial statements are presented in euros, the Group's functional currency; all amounts stated in the financial statements and in the Notes thereto are rounded to the nearest thousand.

According to IAS 21, the following procedures must be used to prepare consolidated accounts that include foreign currency items:

- balance sheet items (except shareholders' equity) must be translated into euros using the closing rate of exchange;
- share capital must be translated into euros at the rate of exchange in force at the date of the transaction and retained earnings at the exchange rate at the time of generation of each net profit included in the item;
- income statement items must be translated into euros using the average rate of exchange for the reference month.

Exchange differences arising from such translations are posted to a specific equity reserve. These are only recognised in the income statement upon disposal of the investment.



VALUATION CRITERIA

The main valuation criteria adopted in preparing the Consolidated Financial Statements and the contents of the items of the accounting schedules are set out below.

New accounting standards, amendments and IFRS interpretations applicable from 1 January 2023.

Amendments to IAS 12 International Tax Reforms - Pillar Two Model Rules

Following the implementation of the second pillar (Pillar II) rules published by the OECD, Regulation no. 2468/2023 introduced some changes to IAS 12 (income taxes). More specifically, paragraphs 4A from 88A to 88D and 98M were added, which envisage:

- the introduction of a mandatory temporary exception for the accounting of deferred taxes relating to Pillar II income taxes;
- targeted additional information for the relevant entities, including:
- the request to indicate that the exception to the recording of deferred tax assets and liabilities relating to Pillar II income taxes has been applied;
 - separate indication of current tax expenses/income relating to Pillar II income taxes;
 - in the periods in which the Pillar II legislation is in force or substantively in force but has not yet become effective, the indication of information to help users of the financial statements to understand the Group's exposure to Pillar II income taxes. To that end, the IAS requires the Group to provide both qualitative and quantitative information, while for information that is not known or not reasonably estimable, the entity must publish a declaration in that regard and information on the progress made in assessing its exposure.

The exception to the accounting of deferred taxes is immediately applicable and has retroactive effect in accordance with IAS 8, while the disclosure requirements must be applied for annual periods commencing from 1 January 2023.

IFRS 17 and IFRS 9 accounting standards

The 2023 financial statements were prepared in conformity with the new international accounting standards IFRS 17 (insurance contracts) and IFRS 9 (financial instruments), which entered into force on 1 January 2023. In view of the close correlation between the two standards, Reale Group in fact decided to defer the application of IFRS 9 to the date of first application of IFRS 17, a right permitted by Regulation EU 2017/1998.

The new accounting standards require the redetermination of the capital and economic balances at the transition date (corresponding, for Reale Group, to 1 January 2022), as the 2023 financial statements must present, for comparative purposes, the capital and economic situation as at 31 December 2022.

The capital and economic situation of the 2022 year end must be determined based upon the full retrospective method, namely by assuming that the standard has been applied since the initial recording date of the insurance contracts. Due to the complexities of the provisions, the standard envisages, if the full retrospective application is not possible, the adoption of two simplified approaches for determining the amount of assets and liabilities relating to insurance contracts (Modified Retrospective Approach or Fair Value Approach).

Having assessed the impracticality of applying the full retrospective approach, due to the difficulties encountered in obtaining an appropriate set of data with sufficient historical depth, Reale Group decided to adopt the Fair Value Approach for all the Non-Life and Life Business insurance and reinsurance contracts in the portfolio at the transition date. IFRS 17 does not provide guidance on how to determine the fair value of the insured liabilities. It is common market practice to refer to the definition of Fair Value, included in IFRS 13 (par. 9): "...the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date".

In order to estimate the fair value, Reale Group decided to adopt an assessment approach that combines an assessment which quantifies the value of the expected future profits from the portfolio with the Market Participant View approach, understood as the expected remuneration of the long-term capital (Cost of Capital) by a third purchaser.

Impact of the adoption of IFRS 9 and IFRS 17 at the transition date

The table below shows the reconciliation between the Group shareholders' equity as at 31 December 2021, calculated according to the IAS 39 and IFRS 4 standards, and the Group shareholders' equity at the transition date (1 January 2022) measured with the new IFRS 17 and IFRS 9 accounting standards:

	(in thousands of euro)
Shareholders' equity at 31.12.2021	3,155,770
Changes due to IFRS 9	3,071
Elimination of IFRS 4 technical reserves and Recording of IFRS 17 expected cash flows	1,210,463
Elimination of deferred acquisition costs	-28,841
Adjustment for non-financial risk	-204,915
Contractual service margin/Loss component	-992,587
Impact on deferred taxation and other effects	4,042
Shareholders' equity at the transition (01.01.2022)	3,147,003
Effects on shareholders' equity	(8,767)
<i>- of which due to IFRS 9 (net fiscal impact)</i>	<i>2,077</i>
<i>- of which due to IFRS 17 (net fiscal impact)</i>	<i>(10,844)</i>



Impact of the transition on the Group Balance Sheet

The table below shows the effects deriving from the introduction of IFRS 9 and IFRS 17 on the Group Balance Sheet at 31 December 2021 highlighting the main components affected by the transition.

(in thousands of euro)

	Balance Sheet at 31/12/2021	Reclassified accounting items	IFRS 9 / IFRS 17 measurement effects	Pro-forma balance sheet at the transition 1/1/2022	Change
Intangible assets	391,352	0	0	391,352	0
Tangible assets	272,787	0	0	272,787	0
Insurance assets	670,399	(64,041)	(21,739)	584,619	(85,780)
Investments	21,873,657	0	1,694	21,875,351	1,694
Other financial assets	1,399,827	(693,124)	0	706,703	(693,124)
Other assets	861,020	(139,420)	52,572	774,172	(86,848)
Cash and cash equivalents	191,877	0	0	191,877	0
Total assets	25,660,919	(896,585)	32,527	24,796,861	(864,058)
Provisions for other risks and charges	129,028	(12,612)	0	116,416	(12,612)
Net insurance	19,603,656	(100,182)	(35,379)	19,468,095	(135,561)
Financial liabilities	1,560,641	(591,769)	0	968,872	(591,769)
Payables	658,632	(133,645)	0	524,987	(133,645)
Other liabilities	553,192	(58,377)	76,671	571,488	18,296
Total liabilities	22,505,149	(896,585)	41,292	21,649,858	(855,291)
Shareholders' equity	3,155,770	0	(8,765)	3,147,003	(8,767)

Reconciliation of IAS 39-IFRS 9 balances of financial instruments at the initial application date of IFRS 9

The table below shows, in accordance with IFRS 7, the reconciliation of the IAS 39 and IFRS 9 balances of the financial assets and liabilities at the application date of the new standard (1 January 2023), together with the related financial impact deriving from classification and measurement changes at the same date.

(in thousands of euro)

FINANCIAL INVESTMENTS	31 December 2022 IAS 39	Reclassification						Measurement change	1 January 2023 IFRS 9
		from AFS to FVOCI	from AFS to FVTPLM	from L&R to FVOCI	from FVTPLN to FVTPLM	from FVTPLD to FVTPLN	from HTM to AC		
FVTPL TOTAL	3,286,749	0	1,285,593	0	0	0	0	0	3,599,596
Financial assets held for trading	12,970	0	0	0	(29)	4,550	0	0	17,490
Debt securities	0	0	0	0	0	0	0	0	0
Capital securities	0	0	0	0	0	0	0	0	0
Shares in UCIs	12,970	0	0	0	(29)	0	0	0	12,940
Hedge derivatives	0	0	0	0	0	0	0	0	0
Non-hedge derivatives	0	0	0	0	0	4,550	0	0	4,550
Other financial instruments	0	0	0	0	0	0	0	0	0
Financial assets designated at fair value	2,301,034	0	0	0	0	(4,550)	0	0	2,296,484
Debt securities	562,044	0	0	0	0	0	0	0	562,044
Capital securities	300,381	0	0	0	0	0	0	0	300,381
Shares in UCIs	1,433,352	0	0	0	0	0	0	0	1,433,352
Hedge derivatives	4,550	0	0	0	0	(4,550)	0	0	0
Non-hedge derivatives	0	0	0	0	0	0	0	0	0
Other financial instruments	707	0	0	0	0	0	0	0	707
Other financial assets mandatorily measured at fair value	972,745	0	1,285,593	0	29	0	0	0	1,285,622
Debt securities	0	0	236,043	0	0	0	0	0	236,043
Capital securities	0	0	76,805	0	0	0	0	0	76,805
Shares in UCIs	972,745	0	972,745	0	29	0	0	0	972,774
Hedge derivatives	0	0	0	0	0	0	0	0	0
Non-hedge derivatives	0	0	0	0	0	0	0	0	0
Other financial instruments	0	0	0	0	0	0	0	0	0
FVOCI TOTAL	13,727,450	13,414,601	(312,848)	6,061	0	0	0	60	13,420,722
Debt securities	13,519,234	13,283,190	(236,043)	6,061	0	0	0	(47)	13,289,204
Capital securities	208,216	131,411	(76,805)	0	0	0	0	107	131,518
TOTAL AMORTISED COST	39,018	0	0	(6,061)	0	0	32,957	0	32,957
Debt securities	39,018	0	0	(6,061)	0	0	32,957	0	32,957
OTHER FINANCIAL ASSETS	1,630	0	0	0	0	0	0	0	1,630
Negative margins	1,630	0	0	0	0	0	0	0	1,630



(in thousands of euro)

Type of Financial Liabilities	31 December 2022 IAS 39	Reclassification from FVTPLD to FVTPLN	Measurement Change	1° January 2023 IFRS 9
FVTPL TOTAL	(2,037)	0	0	(2,037)
Financial liabilities held for trading	(1,991)	(46)	0	(2,037)
Non-hedge derivatives	(1,991)	0	0	(1,991)
Hedge derivatives	0	(46)	0	(46)
Financial liabilities designated at fair value	(46)	46	0	0
Non-hedge derivatives	0	0	0	0
Hedge derivatives	(46)	46	0	0
PAYABLES	0	0	0	0

Consolidation criteria

The Consolidated Financial Statements of Reale Group reflect line-by-line integration of the accounts of the Reale Mutua Parent Company with those of all the companies controlled both directly and indirectly thereby.

IFRS 10 envisages line-by-line consolidation also of subsidiaries that perform dissimilar activities to those of the Parent Company.

The Group controls an investee if, and only if:

- it has power over the investee (meaning it has existing rights that give it the ability to direct the relevant activities of the investee);
- it is exposed to or has the rights to variable returns from its involvement with the investee;
- it has the ability to use its power over the investee to affect the return from the involvement in the investee.

Control is generally presumed to mean having the majority of voting rights.

The Group reviews whether or not it controls an investee whenever the facts or circumstances indicate that there have been relevant changes to one or more of the three key elements for defining control. Consolidation of an investee starts from the date the Group acquires control of that investee and ceases when the Group loses such control. The assets, liabilities, income and expenses of the investee acquired or disposed of during the year are included in the consolidated financial statements from the date the Group acquires control up until the Group no longer exercises control over that company.

The profit (loss) for the year and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. If necessary, appropriate adjustments are made to the subsidiaries' financial statements, in order to guarantee conformity with Group accounting policies. All group assets and liabilities, net equity, income, expenses and cash flows resulting from intercompany transactions are eliminated in full in the consolidation process.

Any changes in ownership interest in a subsidiary that do not result in loss of control are accounted for as equity transactions. If the Group loses control of a subsidiary, it must derecognise the assets (including any goodwill) and liabilities of the subsidiary, any non-controlling interests and other equity components, and recognise any gain or loss through the income statement. Any investment retained in the former subsidiary must be recorded at fair value.

Associates and joint ventures are assessed using the equity method. The Group does not have joint arrangements for which IFRS 11 envisages adoption of the proportional integration method.

Valuation criteria of Balance Sheet items

1. INTANGIBLE ASSETS

This item comprises intangible assets identifiable and controllable by the company from which future economic benefits are expected to flow, as established by IAS 38.

Intangible assets with a definite useful life are recognised at cost net of amortisation, according to their residual useful life, and tested periodically for impairment.

Intangible assets with an indefinite useful life are not amortised but are tested for impairment.

Intangible assets are derecognised at the time of disposal (i.e. on the date when the acquirer obtains control) or when no future benefits are expected to be generated through their use or disposal. The profit or loss arising from the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement.

Of which goodwill

Business combinations are valued according to the purchase method. The purchase cost is determined as the sum of the acquisition-date fair value of the consideration transferred, and the amount of the non-controlling interest in the acquiree. For each business combination, the Group defines whether to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are charged to income during the year they are incurred and recognised as administrative expenses. Therefore, the assets, liabilities and any identifiable potential liabilities of the acquiree that meet the conditions for disclosure according to IFRS 3 are recognised at their current value on the acquisition date, except for non-current assets which are designated as held for sale as prescribed by IFRS 5 and which are recognised and measured at current values minus transaction costs.

Goodwill represents the excess of the acquisition cost over the fair value of the identifiable assets, liabilities and potential liabilities of the acquiree. Goodwill is recognised under assets and is tested for impairment at least once a year. Impairments of value are recognised in the income statement and are not reinstated subsequently.

2. TANGIBLE ASSETS

This item comprises property used in company operations, construction in progress, furniture, fittings, plant, equipment, office machines and also vehicles listed in public registers, as established by IAS 16.

It also includes rights of use acquired with leasing contracts and relating to the use of property and equipment in accordance with IFRS 16.

Such assets, governed by IAS 16, are recognised at cost which, in addition to the purchase price, includes any accessory charges directly attributable to the purchase and to set-up of the asset.

Subsequently they are stated using the amortised cost method and net of any permanent impairments of value. Depreciation is calculated on a straight-line basis over the estimated residual useful life of the assets. Land, which has an indefinite useful life, is not depreciated.

At each reporting date, if there is evidence that an asset is impaired, the asset's carrying amount is compared with its recoverable amount, equal to the higher of fair value, net of any sale costs, and the relative value of the asset in use, meaning the current value of future cash flows deriving from the asset. Any adjustments are recorded in the income statement. If the reasons for the impairment no longer exist, the value is adjusted upwards by an amount that must not exceed the value of the asset, net of depreciation, had it not been previously impaired.

Upkeep and maintenance expenses that result in a significant and tangible increase in production capacity or safety or that extend the future useful life of the asset are capitalised and added to the value of the relative asset. Ordinary maintenance costs are recognised in the income statement as incurred.

The carrying amount of an item of property, plant and equipment and each significant component initially recognised is derecognised at the time of disposal (i.e. on the date when the acquirer obtains control) or when no future economic advantage



is expected to be generated through their use or disposal. The gain/loss arising at the time of derecognition of the asset (calculated as the difference between the net carrying amount of the asset and the consideration received) is recognised in the income statement when the element is derecognised.

Residual amounts, useful life and methods for depreciation of tangible assets are reviewed at the end of each financial year and, where appropriate, adjusted prospectively.

Leases, which are governed by IFRS 16, are recognised in accordance with the right-of-use model whereby the lessee, at the lease commencement date, has an obligation to make lease payments to the lessor to offset its right to use the underlying lease asset over the lease term. When the asset is made available for use by the lessee (commencement date), the lessee recognises both a liability and a right-of-use asset.

3. INSURANCE ASSETS

Please refer to what is stated in the insurance liabilities section.

4. INVESTMENTS

4.1 Investment property

Investments intended to earn rentals or for capital appreciation are classified under this item; property held for instrumental use or available for purchase/sale is not included.

The item also includes right of use acquired with leasing contracts relating to the use of furniture and fittings of investment property, in accordance with IFRS 16.

Investment property is initially recognised at historical cost, including trading costs. Only at the time of the initial application of IAS/IFRS principles, was investment property recognised according to a deemed cost basis (corresponding to the values of expert appraisals of the property at 1 January 2004), as per IFRS 1.

Items of significant value, for which the useful life differs, are recognised separately.

These items are subsequently recognised at cost, in accordance with IAS 16 to which IAS 40 refers, net of depreciation and any permanent impairment of value. Depreciation is calculated on a straight-line basis over the estimated residual useful life of the assets. Land, which has an indefinite useful life, is not depreciated. The estimated residual life varies according to the category of the property (high, medium, low), also on the basis of appraisals by qualified external consultants.

The following depreciation rates are used:

high-range properties	1.00%
mid-range properties	2.00%
low-range properties and individual units	3.00%

At each reporting date, if there is evidence that an asset is impaired, the asset's carrying amount is compared with its recoverable amount, equal to the higher of fair value, net of any sale costs, and the relative value of the asset in use, meaning the current value of future cash flows deriving from the asset. Any adjustments are recorded in the income statement. If the reasons for the impairment no longer exist, the value is adjusted upwards by an amount that must not exceed the value of the asset, net of depreciation, had it not been previously impaired.

Upkeep and maintenance expenses that result in a significant and tangible increase in production capacity or safety or that extend the future useful life of the asset are capitalised and added to the value of the relative asset. Ordinary maintenance costs are recognised in the income statement as incurred.

Investment property is derecognised upon disposal (i.e. the date when the acquirer obtains control) or when the investment becomes permanently unusable and no future economic benefits are expected from its disposal. The amount of the consideration to be included in calculating the gain or loss arising on the derecognition of investment property is determined in accordance with the requirements for defining the transaction price in IFRS 15.

Residual amounts, useful life and methods for depreciation of investment property are reviewed at the end of each financial year and, where appropriate, adjusted prospectively. Leases are recognised in accordance with the right-of-use model whereby the lessee, at the lease commencement date, has an obligation to make lease payments to the lessor to offset its right to use the underlying lease asset over the lease term. When the asset is made available for use by the lessee (commencement date), the lessee recognises both a liability and a right-of-use asset.

4.2 Equity investments in associates and joint ventures

This item includes equity investments in associates and joint ventures not consolidated line by line that are measured by the equity method.

With the equity method, investments in associates or joint ventures are initially recognised at cost. The carrying amount of the investment is adjusted up or down for the post-acquisition change in the investor's share of the profit or loss of the investee. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested separately for impairment.

Profit/(loss) for the year reflects the Group's share of the operating result of the associate or joint venture. Any changes in other comprehensive income components relating to such associates are presented as part of the Group's comprehensive income statement. If an associate or joint venture recognises a change directly in equity, the Group recognises its share, where applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and associates or joint ventures are derecognised in proportion to the investment in the associates or joint ventures.

After applying the equity method, the Group examines the need to recognise an impairment of its investment in the associate or joint venture. At each reporting date, the Group considers whether there is objective evidence of impairment of the investment in the associate or joint venture. If that is the case, the Group calculates the amount of the loss as the difference between the recoverable amount of the associate or joint venture and the book value in its financial statements, and records such difference in the statement of profit/(loss) for the year under "share of the operating result of associates and joint ventures".

When significant influence over an associate or joint venture is lost, the Group measures and recognises the residual investment at fair value. The difference between the carrying amount of the investment on the date significant influence is lost and the fair value of the remaining investment plus the consideration received is recognised in profit or loss.

Financial assets

Upon initial recognition, financial assets are classified, as appropriate, as financial assets measured at amortised cost, financial assets at fair value through other comprehensive income or financial assets at fair value through profit or loss based upon the analysis of the following elements:

- business model of the entity for the management of financial assets (Business model)
- characteristics of the contractual cash flows of the financial asset (SPPI Test)

The Business model identifies the purpose of holding the financial instrument, which may be achieved through the sole



collection of contractual cash flows (“Held to collect” securities) or also through the sale of the financial instrument itself (“Held to collect and sell” securities).

The Solely Payment of Principle and Interest Test (SPPI test) is used to indicate whether the cash flows for the securities may be similar to a basic lending agreement.

For debt securities, the test is carried out for the individual identification code of the securities (ISIN). In particular, it is verified that the nature of the contractual characteristics of the cash flows consists exclusively of capital payments and interest (SPPI). If a change in the time value of the interest entails a change in the cash flows that prove significantly different compared to those of a basic lending agreement, then the test fails and the instrument must be classified and measured at fair value through profit or loss.

All financial assets are initially measured at fair value, plus transaction costs directly attributable to the acquisition, except in the case of financial assets at fair value through profit or loss.

For subsequent measurement purposes, financial assets follow the specific rules of each category:

- Financial assets measured at amortised cost
- Financial assets at fair value through other comprehensive income
- Financial assets at fair value through profit and loss

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognised (for example, removed from the Group’s statement of financial position) when:

- the rights to receive cash flows from the assets have expired, or
- the Group has transferred the right to receive cash flows from the asset or has a contractual obligation to pay them in full and without delay to a third party and has transferred substantially all risks and rewards of ownership of the financial asset or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

4.3 Financial assets measured at amortised cost

A financial asset is measured at amortised cost if both the following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (passing the SPPI test).

The initial recording value is equal to the fair value of the financial instrument, which generally corresponds to the respective purchase cost, including directly allocated transaction costs.

The subsequent measurement is at amortised cost based upon the effective interest method.

Impairment tests for ECL (expected credit loss) are carried out on each reporting date or closing date of interim reports. The expected credit loss is recorded in the income statement with the value of the financial instrument.

4.4 Financial assets at fair value through other comprehensive income

This category includes debt securities held by the Group that meet both the following conditions:

- The financial instrument is held in a business model whose objective is achieved by both collecting contractual cash flows (principal and interest) and selling financial assets.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (passing the SPPI test).

The initial recording value is equal to the fair value of the financial instrument, which generally corresponds to the respective purchase cost, including directly allocated transaction costs. After the initial recognition, the debt securities classified in this category are recorded at amortised cost using the effective yield rate and are measured at fair value. The fair value coincides with the closing price on the last day of trading of the year for instruments traded in an active market. In the absence of an active market, the fair value is represented by the price of recent transactions or of similar instruments or, alternatively, the values resulting from application of commonly used valuation models, that take into account the correlated risk factors and are based on market observables (e.g. cash flow discount).

The interest, determined by applying the amortised cost criterion, and the valuation losses deriving from the expected credit loss (ECL) measurement are recorded in the income statement. The fair value differences compared to the book value are allocated to shareholders' equity in the item "Profits or losses (other than equity securities) measured at fair value through other comprehensive income" within the Valuation reserves. At the time of sale or redemption, any losses or gains in relation to the value stated under assets are recognised in the income statement together with reversal of cumulative gains or losses and recorded in the corresponding item of shareholders' equity.

Impairment tests for ECL (expected credit loss) are carried out on each reporting date or closing date of interim reports. The expected credit loss is recorded in the income statement with the value of the "Profits or losses (other than equity securities) measured at fair value through other comprehensive income" reserve as an offsetting item.

Equity securities for which the irrevocable option of designation at fair value through other comprehensive income has been exercised are also classified in this category.

For equity securities belonging to the category of financial assets at fair value through other comprehensive income, the change of fair value occurring during the reference period is recorded in shareholders' equity in the item "Profits or losses on equity securities designated at fair value through other comprehensive income". This shareholders' equity reserve, unlike what occurs for debt securities classified in the same category, will never be reclassified in the income statement even in the circumstance of sale. Only dividends, if any, are recorded in the income statement.

The approach identified by Reale Group involves the adoption of the OCI equity option for almost all shares held in view of the accumulation purpose intended for this asset class, while not excluding the possibility of establishing, in future, specific portfolios with trading aims and consequent accounting treatment at FVTPL.

4.5 Financial assets at fair value through profit or loss

The investments classified in this category are measured at fair value and the (positive or negative) differences between the fair value and the book value are recorded in the income statement.

The following are noted in this financial statements item:

- Financial assets held for trading;
- Financial assets designated at fair value through profit or loss, which includes assets linked to financial liabilities measured at fair value, such as investments related to contracts written by insurance companies, the risk of which is borne by the policyholders and deriving from pension fund management;
- Other financial assets mandatorily measured at fair value, including mutual investment funds, shares for which the OCI Option is not used and bonds for which the SPPI test is not passed.

The fair value coincides with the closing price on the last day of trading of the year for instruments traded in an active market. In the absence of an active market, the fair value is represented by the price of recent transactions or of similar instruments or, alternatively, the values resulting from application of commonly used valuation models, that take into account the correlated risk factors and are based on market observables (e.g. cash flow discount).

A financial asset measured at fair value through profit or loss in the income statement is derecognised when the contractual rights to receive the cash flows from the asset and the underlying risks are transferred.



Hedging derivatives (Hedge Accounting)

Where appropriate, financial risks are covered using hedging derivatives in the form of cash flow hedges. A necessary condition for use of these hedges is the drafting of documentation that precisely identifies the strategy and objectives of the hedge and also the hedge derivative, the asset hedged and the correlation between these. With regard to strategies and declared objectives, hedging operations are monitored through periodic tests intended to demonstrate their effectiveness.

As regards cash flow hedges, changes in fair value of the derivative are recognised in equity for the effective portion of the hedge and in the income statement for the ineffective portion. Amounts stated under equity will be recorded in the income statement when the cash flows hedged are realised. If the test does not confirm the effectiveness of the hedge, recognition of this is interrupted and the derivative is reclassified under non-hedge derivatives.

With regard to fair value hedges, the derivatives hedge fluctuations in the value of certain assets or liabilities and are disclosed and recognised at fair value.

The hedge that has a ratio between the fair value variations of the derivative and the hedged item ranging between 80% and 125% is considered effective. In the case of effective hedge, the change in fair value of the item hedged is offset by the change in fair value of the hedging derivative. Such offsetting is disclosed through recognition in the income statement of the changes in value of both the item hedged and the hedging derivative. Any difference, which represents the ineffective portion of the hedge, therefore represents its net economic effect.

Measurement of the fair value of financial assets

General principles

The fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date. An active market is the market for which quoted prices are readily and regularly available or systematically quoted on "alternative" trading systems from official circuits, whose prices are considered "significant" and also those observable from contributors who operate as primary traders on the various markets, where the prices proposed are representative of potential transactions and effective market transactions carried out in an orderly manner in normal trading conditions. The fair value determined is not the amount that would be received or paid in a forced transaction but the value at which a transaction could be carried out on the reporting date for such instruments in the most advantageous market to which the entity has access.

Fair value hierarchy

Assets and liabilities measured at fair value are classified according to the hierarchy established by IFRS 13. This classification defines a fair value hierarchy according to the level of discretion used. It gives the highest priority to quoted prices in active markets that represent the assumptions that market participants would use when pricing the asset or liability.

The classification is based on the approach used to measure the fair value (Mark to Market, Mark to Model, Counterparty) and on whether the inputs are observable, if the Mark to Model approach is used.

The fair value hierarchy defined and adopted as of 31 December 2022 is illustrated below:

Effective market quotes (Level 1): market price according to quoted prices in active markets. The existence of unadjusted quoted prices in an active market represents the best evidence of fair value; such prices are therefore those to which priority must be given for the valuation of financial assets.

In the absence of an active market, valuation techniques must be adopted to determine an appropriate fair value. Such techniques include:

Valuation techniques - (Level 2): this approach refers to market values connected directly or indirectly to the instrument to be valued and referring to products with similar risk characteristics.

It is based on approximate valuations furnished by reliable providers or on prices determined using appropriate calculation methods and market observables. This method of calculation does not include discretionary parameters - i.e. parameters whose value cannot be derived from the prices of financial instruments traded in active markets or cannot be determined at levels such as to replicate prices not present on active markets – such as to have a decisive influence on the final valuation price.

Valuation techniques - (Level 3): measurements are based on observable and unobservable inputs and therefore involve estimates and assumptions when making the valuation.

The above methods must be applied in hierarchical order: if a price is available at level 2, one of the other valuation approaches based on assumptions formulated by the valuer must not be used (level 3).

Valuation process

In order to guarantee continuity and consistency of portfolio valuation and also comparison with the previous year, no modifications were made during the year as regards the determination of the fair value.

For debt securities, the fair value is determined as follows:

- for financial instruments quoted in active markets: the official prices on the last day of the reference year as these provide the best evidence of fair value and must be used when available (level 1);
- for financial instruments not quoted in active markets: the value furnished by contributors or financial intermediaries on the reference date. In a limited number of cases in which a value was not available, an estimate of fair value, made by the Group's banking company according to market observables (level 2), was used.

For a number of instruments belonging to the loans and receivables category, where the price furnished is not available, the following valuation technique based on market observables was adopted: discounting of future cash flows (coupons and repayments) according to the risk-free discount rate increased by a valuation spread of the security (discounted cash flows, in level 2).

The fair value of capital instruments has been determined as follows:

- for financial instruments quoted in active markets: the official prices of the last day of the reference year (level 1);
- for financial instruments whose fair value cannot be reliably determined: valuation at cost. The fair value is not reliable if the variability in the range of reasonable estimates of fair value is significant and the probability of the various estimates within the range is not reasonably ascertained. This type of valuation is applied to equity investments of a not significant amount, both at individual level and with regard to all Group financial assets (level 3).

For shares of common investment funds, the fair value is equal to the Net Asset Value provided by the asset management companies (level 3 for closed or speculative funds, adjusted for illiquidity if necessary, level 1 for all others).

For derivative financial instruments, fair value is determined according to the values furnished by financial counterparties who use a standard method complying with those adopted on the market. This method adopts multiple parameters and indices which are in turn determined according to market observables derived from primary sources recorded on the valuation date (level 2).

The fair value of other receivables, which is required for information only, is mainly based on the use of unobservable internal parameters and is equal to the carrying amount (level 3).



The fair value of real estate investments, which is required for information only, is equal to the appraisal value as calculated by independent experts (level 3).

Expected credit loss (ECL)

For debt and credit securities classified as “Held to collect” and “Held to collect and sell”, which pass the SPPI test and, therefore, are measured respectively at amortised cost or at FVOCI, the IFRS 9 accounting standard requires that an expected credit loss is calculated (Expected Credit Loss or ECL). In particular, the new standard outlines an approach for calculating the ECL in three stages based on the assessment of the credit quality from the date of first recognition to each reporting date:

- stage 1 comprises financial instruments that have not had a significant increase in credit risk from the date of first recognition in the financial statements or that have a low credit risk at the reference date (investment grade). For these assets, the losses on credits expected in the next 12 months, with offsetting item in the Income Statement, are recognised;
- stage 2 comprises financial instruments that have had a significant increase in credit risk from the date of first recognition in the financial statements (unless the instrument is investment grade at the reference date), but that do not have objective evidence of impairment. For these assets, the expected credit loss deriving from all possible default events throughout the whole expected life of the financial instrument, with the offsetting item in the income statement, are recognised;
- stage 3 comprises financial assets that have objective evidence of impairment at the reporting date. For these assets, the expected credit loss deriving from all possible default events throughout the whole expected life of the instrument, with the offsetting item in the income statement, are recognised.

In order to fulfil what is required by the standard and to be able to measure any significant increases in credit risk, Reale Group has currently identified as risk indicator the Emission Rating, in particular the second best, in line with what is done by the insurance market (rating-based approach). Based upon this decision, the assessment of the deterioration of the Expected Credit Loss of the instrument occurs using a notching down approach (deterioration of the rating from the date of purchase to the reporting date). This involves assigning the status of significant Expected Credit Loss increase on reaching certain thresholds. These thresholds were defined through a study carried out with Risk Management, based upon historical findings on rating movements observed on the transition matrices.

The ECL is, thus, calculated across a time frame of one year, i.e. the whole life of the instrument, as a product of:

- Exposure at Default (EAD): exposure in case of default, equal to the amortised cost of the security or the face value of the trade receivable;
- Probability of Default (PD): probability of default at cluster level (country, sector, issuer rating);
- Loss Given Default (LGD): percentage loss of the investment in case of default, at the level of the individual instrument.

5. OTHER FINANCIAL ASSETS

This item encompasses financial assets not included in the item “Investments”, such as receivables from insurance intermediaries and trade receivables. Receivables are recognised at amortised cost calculated using the effective yield method. Such method is not adopted for receivables of such short duration as to make the effects of discounting negligible; such receivables are carried at historical cost which corresponds to their face value, and are tested for impairment.

6. OTHER ASSETS

6.1 Non-current HFS assets

Non-current HFS assets are measured at the lower of their carrying amount and market value net of sales costs.

Non-current assets are designated as held for sale when the carrying amount will be recovered principally through a sale transaction rather than through continuing use in the operations of the company. This condition is met only when sale is highly probable and the asset can be sold immediately in its initial conditions.

6.2 Tax assets

6.2. a) Current tax assets

The item encompasses assets relating to current taxes.

6.2. b) Deferred tax assets

The item encompasses prepaid taxes recognised against all deductible temporary differences entries, receivables and unused tax losses carried forward, to the extent that it is probable that sufficient future taxable income will be available to permit the use of the deductible temporary differences and of the tax receivables and tax losses carried forward, except in cases where:

- the deferred tax asset related to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the operating result nor the tax result;
- in the case of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are recognised only to the extent that it is probable that they will reverse in the foreseeable future and that there will be sufficient taxable income to allow recovery of these temporary differences.

The carrying amount of prepaid taxes is reviewed on each reporting date and reduced to the extent that it is no longer likely that sufficient future taxable income will be available to allow all or part of the use of such credit. Prepaid taxes not recognised are reviewed on each reporting date and are recognised to the extent that it becomes likely that taxable income will be sufficient to allow recovery of these deferred tax assets.

Deferred taxes have been calculated at the rate of taxation that is expected to apply at the time of realisation of the asset or cancellation of the liability. Deferred tax assets are recognised in the income statement, except for those relating to items recognised directly in equity, in which case the respective deferred taxes are also recognised under equity.

Finally, it is noted that paragraph 4A of IAS 12 requires deferred tax assets relating to Pillar II income taxes not to be recorded and, as envisaged by paragraph 88d, for an indication to be given of that exception having been applied.

6.3 Other assets

This item comprises those assets not included in the items described above. The item also includes tax credits introduced by Decree-Laws no.18/2020 (so-called "Cura Italia", Cure Italy) and no. 34/2020 (so-called "Rilancio", Relaunch) and purchased as a result of the sale by the direct beneficiaries or previous purchasers. The recording of tax credits acquired from a third party (transferee of the tax credit) is not attributable to a specific international accounting standard; therefore, in compliance with the contents of IAS 8, Company Management has defined a specific Accounting Policy to guarantee relevant and reliable reporting of those transactions. In preparing the Accounting Policy, consideration was given to the indications expressed by the Authorities (joint document *"Accounting treatment of tax credits connected with the Decree Laws "Cura Italia" and "Rilancio" acquired following a transfer from the direct beneficiaries or previous purchasers"*



published on 5 January 2021 by the Coordination table between the Bank of Italy, Consob and IVASS on the application of IAS/IFRS) which identified the IFRS9 accounting standard as the most suitable accounting model to be consulted for this purpose, applying its provisions analogically in line with the characteristics of the transaction. The Company/Group has therefore produced an Accounting Policy which facilitates the possibility of using all three business models envisaged by the IFRS9 accounting standard ("Held to collect", "Held to collect and sell" and "Other"), so as to be able to adopt over time the most suitable Business Model depending on the purpose of holding those credits (see the paragraph "Financial assets" for detail of the different accounting methods envisaged and the associated IFRS 9 category)

7. Cash and cash equivalents

This category comprises cash on hand and sight deposits. These items are stated at face value and in the case of foreign currencies at the year-end exchange rate.

1. SHAREHOLDERS' EQUITY

1.1 Capital

The item encompasses the amount of the Parent Company's guarantee fund.

1.4 Retained earnings and other equity reserves

The item includes, amongst others, profits or losses deriving from first-time application of international accounting standards, including IFRS 17 and IFRS 9, and consolidation reserves.

1.6 Valuation reserves

The item relates mainly to:

- Income or expenses on financial assets (other than equity securities) measured at fair value through other comprehensive income, net of the part attributable to policyholders or attributed to the value of insurance liabilities;
- Income or expenses on equity securities designated at fair value through other comprehensive income;
- Financial income or expenses relating to insurance contracts written or reinsurance cessions, following the adoption by Reale Group of the option envisaged by paragraphs 89 and 90 of IFRS 17 to record as an offsetting item in the Comprehensive Income Statement the changes in insurance assets or liabilities deriving from changes in discount rates;
- Actuarial income or expenses relating to obligations deriving from plans and benefits defined for employees established in application of IAS 19;
- The Reserve for net exchange differences, established in accordance with IAS 21, and deriving from the conversion of financial statements presented in foreign currencies into the presentation currency of the consolidated accounts.

1.7 Minority interest in shareholders' equity

This heading comprises minority interest in capital instruments and related equity reserves.

2. PROVISIONS FOR RISKS AND CHARGES

This item comprises the allocations pursuant to IAS 37 for present obligations (legal or implicit) deriving from a past event with which the company will probably be required to comply and the amount of which can be reliably estimated.

Provisions represent the best possible estimate based on the data available on the reporting date and are discounted when the effect is significant.

3. INSURANCE LIABILITIES

Classification of insurance contracts

IFRS 17 is applied to all contracts that fall under the definition of insurance contract. An insurance contract is defined by the standard as “a contract based on which one of the parties (the issuer) accepts a significant insurance risk from another party (the policyholder) agreeing to compensate the policyholder should that party suffer harm resulting from a specific, uncertain future event (the insured event)”. Therefore, in order to fall under the definition of insurance contract, the above-mentioned risk must be significant.

According to the IFRS 17 standard, section B18, “the insurance risk is significant if, and only if, the insured event could cause the insurer to pay additional significant amounts in any scenario, excluding scenarios without commercial substance (i.e. that have no identifiable effect on the economic nature of the transaction)”.

It is important to highlight that once a contract meets the definition of insurance contract, and unlike what is envisaged by IFRS 4, it will remain so until the expiry of every right or obligation.

All contracts in the Reale Group Non-Life business are classified as insurance ones, having the features stipulated by the standard.

With regard to the classification of Life business contracts, the process adopted by Reale Group, and carried out at the time of issuance, is based upon a qualitative/quantitative model. The quantitative test considers a central scenario of commercial substance and defines a KPI (the incidence of capital in the event of death on capital in the event of redemption) in order to assess the significance, or not, of the insurance component of each rate. Based on this methodology, all Life contracts in the portfolio are classified as insurance contracts.

An insurance contract may contain components with non-insurance features that, if considered individually, could come under the scope of application of another reporting standard. The investment component represents, for example, the amount that the insurance contract requires the Company to pay in any circumstance.

This investment component is separate, recorded, and presented under IFRS 9, if:

- the investment component and the insurance one are not strongly correlated;
- a contract with equivalent terms is sold or could be sold separately both by the Company that issues the insurance contract and by other counterparties.

All the implicit investment components in the Life Business contracts of Reale Group were identified as non-separate investment components since they are strongly correlated to the insurance components of those contracts.

In the Non-Life business, the investment components, again treated as non-separate components, were identified as reinsurance treaties.

The Standard requires, in addition, separating the insurance contract from any promise to transfer separate non-insurance goods or services to the contractual party, applying IFRS 15. All the implicit components for transferring goods or services in the Reale Group contracts were identified as non-separate components since they are strongly correlated to the insurance component.

Aggregation levels

The IFRS 17 standard stipulates that all insurance contracts are aggregated into Groups determined at the time of initial subscription and not subsequently altered. Groups of Contracts are formed so as to avoid possible offsetting between profitable contracts and onerous ones in assessing the profitability of the insurance business.

The contract aggregation process adopted by Reale Group can be summarised in three main steps:

- identification of the insurance contract portfolios, via the selection of similar risk groups managed jointly;
- subdivision of contracts based on the year of underwriting (cohorts);
- identification of contracts that prove onerous as of the date of the initial recognition or that have a high possibility of becoming onerous in the future.



In order to establish whether a contract is profitable or not, an onerous contract test is carried out using indicators that represent the profitability in line with the IFRS 17 requirements.

In detail, in the Non-Life business, the onerous contract test is carried out using the definition of an IFRS 17 Combined Ratio. With reference to the Life Business, on the other hand, an ex-ante IFRS 17 Profit Test is conducted at rate level which facilitates the definition of the onerousness, or not, of the product at the time of its initial recognition.

In addition, as permitted by European Commission Regulation 2021/2036, it should be specified that Reale Group invoked the right not to apply the obligation envisaged by paragraph 22 of the IFRS 17 Standard (grouping into annual cohorts) to contracts characterised by inter-generational mutualisation and congruity of cash flows.

Composition of insurance liabilities

The insurance liabilities are composed of two main components:

- Liability for Remaining Coverage (LRC);
- Liability for Incurred Claims (LIC).

The IFRS 17 standard introduces a general measurement model for insurance risks whose goal is to determine all the significant information for calculating the expected cash flows and the profitability of the insurance contracts. In addition to the General Model (Building Block Approach or BBA), which represents the model for calculating all the insurance contracts, the application of two additional measurement models is stipulated:

- Premium Allocation Approach (PAA), a simplified, optional model envisaged for shorter term contracts;
- Variable Fee Approach (VFA), mandatory model specific to contracts that have features of direct interest in profits from assets underlying the insurance contract.

The measurement models mentioned above are differentiated by the quantification of the LRC component while the measurement of the LIC component does not change, irrespective of the measurement model adopted.

More specifically, the BBA involves the quantification of the LRC in four blocks. Each block is assessed separately and measured both at the date of recognition of the Group of Contracts and at the dates of subsequent assessments. The blocks are represented by:

- Expected cash flows;
- Effect of discounting through the application of a discount rate;
- Adjustment for non-financial risks to which an insurance contract is typically exposed (Risk Adjustment);
- Contractual Service Margin (CSM), in the case of profitable groups of contracts.

If the Group of Contracts proves to be onerous, at the time of its initial recognition or subsequently, the CSM component would be reduced to zero against a posting in the Income Statement of a Loss Component.

In contrast to what happens in the context of the General Model assessment, the PAA model stipulates that the LRC is calculated based upon the premiums issued net of the purchase costs incurred and posted to the Income Statement with the application of the pro-rata method. As a result, it is not necessary to consider and quantify the actual value of future cash flows, effects of non-financial risks, and Contractual Service Margin.

This model, in fact, is based upon the assumption that recognising the premiums relating to contracts throughout the period of cover provides information similar to that provided if the income deriving from the insurance contract were measured using the General Model.

The VFA Model is one that must mandatorily be applied to measure insurance contracts that have features of direct interest in the profits of assets underlying the insurance contract. At the initial recognition of the contract, the measurement approach under the VFA model is the same as the General Model. The peculiarity that differentiates the two measurement models is in the subsequent measurements, since in the VFA the changes in the financial hypotheses underlying the expected cash flows directly rectify the CSM, limiting the variability in the Income Statement.

This different accounting is owing to the fact that the CSM, for this type of contract, represents the actual expected value of the future profits deriving from the remuneration of the Company for managing the underlying assets (Variable Fee).

The approach used by Reale Group is that of adopting, respectively:

- the PAA Model for Non-Life contracts:
 - with insurance coverage less than or equal to 1 year;
 - with insurance ranging between 1 and 2 years, through a specific eligibility test of a basic quantitative alignment with the results of the General Model;
 - with insurance longer than 2 years, if included in IFRS 17 portfolios in which the multi-year business has low materiality and for single-year pure-risk Life products of the subsidiary Reale Vida;
- the General Model for pure-risk Life products and for the remaining Non-Life products not measured with the PAA;
- the VFA Model for revaluable Life, Unit Linked, Pension Fund, and Multi-Business products.

Both for the application of the PAA Model and the VFA Model, special qualitative and quantitative eligibility tests were developed in order to verify compliance with the IFRS 17 standard requirement.

The second component of the insurance liability (LIC) is calculated through the quantification of the following blocks:

- Expected cash flows for insurance events that occurred;
- Effect of discounting through the application of a discount rate;
- Adjustment for non-financial risks to which an insurance contract is typically exposed (Risk Adjustment).

For the Life business, it was decided to equate the provision for Sums to be Paid, set aside in the Statutory Financial Statements, with the LIC, given the very limited duration of this liability.

For the Non-Life business, with a view to streamlining the processes, the component of the expected cash flows was basically equated to the Undiscounted Best Estimate defined for Solvency II purposes, excluding the component relating to Investment Management Expenses.

Expected cash flows

The expected cash flows are defined by the standard as the explicit estimate, not distorted and weighted, of the expected value of future cash flows that fall within the Contractual Boundaries.

The impact of any changes in the estimate of expected cash flows is recognised, based on its nature, in the Income Statement or, in some cases, in an adjustment of the CSM.

All cash flows that derive from a substantial right or obligation of the Company to provide a service at a current or future date, without the possibility of redetermining the price requested in the event of a change to the level of the insured risk associated with a certain contract or group of contracts, fall within the Contract Boundaries.

To determine the Contract Boundaries, with a view to streamlining the process, Reale Group resolved not to apply substantial differences to the same logics used in the Solvency II framework, with the exception of tacit renewals of Non-Life business contracts that cannot be cancelled, which under IFRS 17 constitute a new cohort, and of some peculiarities of collective policies.

Discount rate

Based on what is required by the standard, the discount rate must:

- reflect the temporal value of the cash, the features of the cash flows, and the liquidity of insurance contracts;
- be consistent with the observable current market prices;
- exclude the effect of factors that do not influence the expected cash flows of the insurance contracts.



A further peculiarity of the discount rate is the consistency with the other assumptions used in estimating the flows deriving from the insurance contracts. For this reason, the cash flows are split into two categories: those that depend on the yield of underlying financial elements and those that do not depend on the yield of underlying financial elements.

For contracts that do not depend on the yield of underlying financial elements, the discount rate used must not reflect the variability of the underlying items. In contrast, if cash flows depend on financial elements, the discount rate will need to reflect that variability.

The IFRS 17 standard grants the option of using two different approaches for determining the discount rates: Top-Down and Bottom-Up.

The methodology adopted by Reale Group is the Bottom-Up approach. This involves the addition of an illiquidity premium, estimated using a methodology derived from the Solvency II Volatility Adjustment, but characterised by specific parameters that enable the representation of the features of the Group's portfolio products, to an initial, risk-free curve.

Specifically, the illiquidity premium for Separately Managed Accounts and the Multi-Business products is calibrated based on the asset portfolio of each Group Company, while, for all the other products, it is determined via a Currency Volatility Adjustment with the addition of the Country spread correction.

Risk Adjustment

The Risk Adjustment reflects the compensation required by the Company to support uncertainty regarding the amount and temporal distribution of the cash flows, deriving from a non-financial risk component.

For the calculation in the Non-Life business, Reale Group adopts a methodology that enables the use of volatility distributions and hypotheses derived from the Partial Internal Model, adopted to calculate the Solvency Requirement in Solvency II, and from the consolidated methodologies (Mack) for deriving volatility relating to the Non-Life business retention risk.

The Risk Adjustment is determined at the level of "Solvency II LoB" for Reale Mutua, Italiana and Reale Seguros, and at the level of "Linea de Negocio" for Reale Chile Seguros and then reallocated, proportionally, to the Units of Account.

For the Life Business, the Risk Adjustment is determined with the percentile methodology, based upon the Solvency Requirement calculated for the purposes of the Solvency II law at fund level and with subsequent allocation to the Units of Account based on the Best Estimate reserves. The Group decided to adopt the 75th percentile.

Contractual service margin

The Contractual service margin (CSM) represents, for a profitable contract group, the expected, unrealised profit that the Company will record in the Income Statement throughout the duration of the contract.

At each measurement date, the CSM reflects the profit relating to the Group of Contracts, not yet realised, since it is connected to services to be delivered in future.

The release of the CSM is determined via:

- the identification of the coverage units in the Group of Contracts;
- the determination at the measurement date of the amount of the CSM relating to the coverage units disbursed in the current period; and
- the recognition, in the Income Statement, of the amount of CSM thus determined in order to reflect the services relating to the insurance contract delivered in the period.

The coverage units are, thus, the driver for recognising the amount of CSM in the Income Statement for the services provided in the period. If, in contrast, the Group of Contracts creates a Loss Component, the standard requires the immediate allocation of the changes in the Fulfilment Cash Flows (FCF), with impact on the Loss Component or on the remaining part of the Liability for Remaining Coverage.

For all Life business contracts, Reale Group stipulates that the coverage units are defined based on the discounted sum insured at the level of each Unit of Account, or on the claim in the case of annuity contracts.

For all Non-Life business contracts measured using the General Model, Reale Group stipulates that the coverage units are defined starting from undiscounted premiums earned at the level of each Unit of Account.

Adoption of options for reducing accounting misalignments

In the measurement of liabilities relating to Life business contracts with direct participation in the profits of underlying assets (measured with the VFA model) the change in value of the underlying assets (measured through the application of IFRS 9) goes alongside a similar change of the technical reserve (measured through the application of IFRS 17).

As permitted by the IFRS 17 standard, Reale Group chose to break down the change in insurance liabilities of these contracts between the Income Statement and OCI, according to the recognition in the Separate Income Statement or Comprehensive Income Statement of the change in the underlying assets. This approach makes it possible to reduce “accounting mismatches” in the net profit of the Life businesses.

With regard to the movement of the insurance liabilities deriving from the change between locked-in rate and market rate, the IFRS 17 standard permits the recognition in the Income Statement or OCI reserve. Reale Group chose to record the measurement difference in the OCI, in line with the forecast that the majority of the financial instruments held will be recognised at fair value through OCI, with resulting recording of the changes in shareholders’ equity.

Reinsurance contracts

The measurement of reinsurance contracts is reflected in item “3. Insurance assets” of the Balance Sheet assets. The IFRS 17 standard requires the reinsurance business to be measured in the same way as direct business; the main differences in treatment are indicated below:

- There is no provision for use of the Variable Fee Approach in the measurement of passive reinsurance contracts; the measurement must be performed with the Premium Allocation Approach or with the General Model based upon the characteristics of the reinsurance contract (and irrespective of the underlying direct business);
- The Contractual Service Margin for the portfolio of passive reinsurance contracts may be both positive (net gain) and negative (net cost); therefore, there is no provision for the immediate recording of losses in the income statement in the case of net cost;
- The insurer that has ceded part of the risk to reinsurance is required to pay the entire amount due to the policyholders only then to receive, if envisaged by the reinsurance contract, a reimbursement. This reimbursement is tied to the solvency of the reinsurer, and it must therefore be adjusted for the non-performance risk (insolvency).

4. FINANCIAL LIABILITIES

4.1 Financial liabilities at fair value through profit or loss

This category comprises financial liabilities held for trading in the near term, derivative financial instruments and liabilities designated by the enterprise as measured at fair value through profit or loss.

These items are recognised initially on the date of settlement at the fair value of the liability; direct transaction costs and proceeds are not considered at the time of initial recognition and are recognised directly in the income statement. Subsequently, the liability is measured at fair value and the difference between the fair value and the carrying amount is recognised in the income statement. A financial liability measured at fair value through profit or loss is derecognised in the balance sheet when the underlying obligation is settled, cancelled or fulfilled.

4.2 Financial liabilities measured at amortised cost

This category comprises financial liabilities not held for trading. These are loans and mortgages received. These items are recognised initially on the date of payment at fair value, increased by direct transaction costs.

Subsequently, these liabilities are recognised at amortised cost according to effective yield.

This item also includes lease liabilities. These are initially recognised based on discounted lease payments and the decrease of this item reflects the repayment of loan and principal. A financial liability is derecognised when the underlying obligation is settled, cancelled or fulfilled.



5. PAYABLES

This item reflects trade payables. In particular, payables to employees for Termination Indemnities, in force in Italy, are included. The provision for employee termination indemnities is regarded as a defined benefit plan.

Payables and the cost of the benefits disbursed in the year, recognised in the income statement, are determined using the Projected Unit Credit Method, which envisages the estimation of future outflows according to statistical and demographic assumptions and the financial discounting of such flows based on a market interest rate. Actuarial gains and losses from the re-measurement of liabilities and assets at the reporting date are accounted for under equity through other comprehensive income. Following the reform of supplementary pension schemes introduced by Law No. 296/06, a distinction must be made between:

- Termination indemnities, accrued at 31 December 2006: these are qualified as defined-benefit plans as they have not been modified by the aforementioned reform.
- Termination benefits accrued after 31 December 2006: as decided by each employee, termination benefits accruing are allocated to supplementary pension funds or transferred to the Treasury Fund set up at INPS. In both cases, termination benefits are classed as defined-benefit plans and the company recognises the quotas of contributions to supplementary pension funds and to the INPS Fund for the provision of work by employees in the income statement.

6. OTHER LIABILITIES

6.2 Tax liabilities

6.2.a) Current tax liabilities

Income taxes are determined according to the forecast tax liability calculated on the income of the Group based on the tax rate in force on the reporting date. The Parent and the Italian subsidiaries have exercised the option to participate in the national tax consolidation scheme. Current tax assets relating to items recognised directly in equity are also recognised in equity and not in the income statement. The Group regularly assesses its tax return position when interpretations of tax rules are issued and, when appropriate, makes the necessary provisions.

6.2.b) Deferred tax liabilities

The item includes deferred taxes recorded on the total amount of temporary differences between the values relevant for fiscal purposes and the carrying amounts, and on all adjustments made in accordance with IAS/IFRS standards. In particular, deferred tax liabilities are recognised on all taxable temporary differences, except when the deferred tax liabilities arise from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the operating result nor the tax result.

Deferred taxes have been calculated at the rate of taxation that is expected to apply at the time of realisation of the asset or cancellation of the liability. Deferred tax assets are recognised in the income statement, except for those relating to items recognised directly in equity, in which case the respective deferred taxes are also recognised under equity.

Finally, it is noted that paragraph 4A of IAS 12 requires deferred tax liabilities relating to Pillar II income taxes not to be recorded and, as envisaged by paragraph 88d, for an indication to be given of that exception having been applied.

6.3 Other liabilities

This item includes liabilities connected with benefit plans in favour of employees involving payments after termination of the employment relationship and other long-term benefits (excluding termination indemnities in force in Italy, classified in the Payables item), which, in conformity with IAS 19, are subject to actuarial valuations.

Valuation criteria of Income Statement items

1. INSURANCE INCOME FROM INSURANCE CONTRACTS WRITTEN

This item records revenues connected with insurance contracts written which reflect the portion of the fee received from the policyholder released to the income statement in view of the services provided during the year.

2. EXPENSES FOR INSURANCE SERVICES FROM INSURANCE CONTRACTS WRITTEN

The item comprises expenses for insurance services actually incurred in the year in progress (claims occurring and change of liabilities for claims occurring), the portion of insurance contract acquisition expenses accrued in the year and losses on onerous contracts and respective release to the income statement.

3.5 NET INSURANCE INCOME/EXPENSES FROM REINSURANCE CESSIONS

The income statement item highlights the net balance between income and expenses for insurance services from to reinsurance cessions.

6. INCOME/EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS

This item comprises realised profits and losses and positive and negative changes of value of assets and liabilities included in the "fair value through profit and loss" category. The changes of value are measured according to the difference between fair value and book value of the financial instruments recorded in this category. Income from shares of mutual funds is also included.

7. INCOME/EXPENSES FROM EQUITY INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

This item comprises income/expenses deriving from investments in Group associated companies and joint ventures. In particular, it reflects Group interest in the result for the period of such associates.

8. INCOME/EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES AND FROM INVESTMENT PROPERTY

This comprises income/expenses and capital gains/losses realised on financial instruments not measured at fair value through profit and loss.

10. EXPENSES/INCOME OF FINANCIAL NATURE RELATING TO INSURANCE CONTRACTS WRITTEN

This item records changes in value of insurance liabilities connected with changes in the temporal value of cash and with financial risk changes associated with cash flows of insurance contracts written, other than those recorded in the comprehensive income statement.

11. INCOME/EXPENSES OF FINANCIAL NATURE RELATING TO REINSURANCE CESSIONS

This item records changes in value of insurance liabilities connected with changes in the temporal value of cash and with financial risk changes associated with cash flows of insurance contracts written, other than those recorded in the comprehensive income statement.

13. OTHER INCOME/EXPENSES

The item includes, in particular, income from the sale of goods, the rendering of services other than those of a financial nature and the use, by third parties, of tangible assets and intangible assets and of other business assets, net of the respective expenses. Exchange differences recognised in the income statement in accordance with IAS 21 are also included.



14. OPERATING EXPENSES

14.1) Investment management expenses

The item comprises general expenses and staffing costs relating to the management of financial instruments, investment property and equity investments.

14.2) Other administrative expenses

The item includes general expenses and staffing costs not included in the calculation of insurance liabilities and assets and not allocated to the acquisition expenses of insurance contracts and the investment management expenses.

15. NET PROVISIONING TO RISKS AND CHARGES PROVISIONS

The item includes provisioning and withdrawals relating to the provisions classified in item 2 of the Balance Sheet liabilities "Provisions for risks and charges".

16. NET ADJUSTMENTS/WRITE-BACKS ON TANGIBLE ASSETS

This item includes impairment losses of property plant and equipment, net of any write-backs, and depreciation of tangible assets.

17. NET ADJUSTMENTS/WRITE-BACKS ON INTANGIBLE ASSETS

This item includes impairment losses of intangible assets, net of any write-backs, and amortisations of intangible assets.

18. OTHER OPERATING EXPENSES/INCOME

This item includes all expenses and all income not included in the previous items.

20. TAXES

The item includes taxes determined based upon the legislation in force and refer to current taxes for the year and the change of prepaid and deferred taxes accrued in the period.

8.2 Consolidation area

List of Group equity investments

As at 31 December 2023, Reale Group was made up of twenty-one companies, of which six insurers, two real estate companies, one bank, nine service providers and three insurance holdings. Eighteen companies, of which five insurance undertakings, were fully consolidated, and three companies, of which one insurance undertaking and two service providers, were valued by the equity method as they represent one joint venture and two associated companies.

Compared to 31 December 2022, as part of the fully consolidated companies, it is noted that two service provider companies have joined, namely Blue Health Center S.r.l. (wholly owned by Blue Assistance), and Plurima Servizi Assicurativi S.r.l. (78.84% owned by Italiana Assicurazioni). It is also noted that an insurance holding was incorporated, during 2023: Reale International S.r.l, wholly owned by the Parent Company. With regard, on the other hand, to the companies consolidated with the equity method, two service provider companies have joined, Insalute Servizi S.p.A. 35% owned by Blue Assistance, and Pharmercure 37.32% owned by the Parent Company.

The table below illustrates the fully consolidated equity investments.

Equity investments in exclusively controlled companies

Company name	Country of registered office	Country of operat. office (1)	Method (2)	Activity (3)	Type of relationship (4)	% Direct equity investment	% Total interest (5)	% Voting rights in ordin. shareholders' meeting	% of consolid.
REALE MUTUA DI ASSICURAZIONI	086		G	1	1	0	0	0	0
ITALIANA ASSICURAZIONI S.p.A.	086		G	1	1	99.92	99.92	0	100.00
REALE SEGUROS GENERALES S.A.	067		G	2	1	95.00	100.00	0	100.00
REALE VIDA Y PENSIONES S.A.	067		G	2	1	5.00	100.00	0	100.00
REALE IMMOBILI ESPANA S.A.	067		G	10	1	46.81	100.00	0	100.00
REALE IMMOBILI S.p.A.	086		G	10	1	85.92	99.99	0	100.00
BANCA REALE S.p.A.	086		G	7	1	95.00	100.00	0	100.00
REALE ITES S.r.l.	086		G	11	1	88.13	100.00	0	100.00
BLUE ASSISTANCE S.p.A.	086		G	11	1	100.00	100.00	0	100.00
ITALNEXT S.r.l.	086		G	11	1	0	99.92	0	100.00
REALE GROUP LATAM S.p.A.	015		G	4	1	0	100.00	0	100.00
REALE GROUP CHILE S.p.A.	015		G	4	1	0	99.65	0	100.00
REALE CHILE SEGUROS S.A.	015		G	3	1	0	99.65	0	100.00
REM INTERMEDIAZIONI S.r.l.	086		G	11	1	0	99.92	0	100.00
REALE ITES ESP S.I.	067		G	11	1	0	100.00	0	100.00
BLUE HEALTH CENTER S.r.l.	086		G	11	1	0	100.00	0	100.00
REALE INTERNATIONAL S.r.l.	086		G	4	1	0	100.00	0	100.00
PLURIMA SERVIZI ASSICURATIVI S.r.l.	086		G	11	1	0	78.84	0	100.00

Key:

(1) This information is required only if the Country of the operational headquarters is different from the Country of the registered office

(2) Consolidation method: Full integration = G; Full integration for unitary Management = U

(3) 1= Italian ins; 2= EU ins; 3= Third country ins; 4= insurance holding; 4.1= mixed financial holding companies. 5= EU reins; 6= Third country reins; 7= banks; 8= asset management companies; 9= various holding companies; 10= real estate; 11= other companies;

(4) Relationship type:

1 = majority of voting rights in the ordinary shareholders' meeting 2 = dominant influence in the ordinary shareholders' meeting

3 = agreements with other shareholders

4 = other forms of control

5 = unitary management pursuant to Art. 96. paragraph 1. of "Legislative Decree 209/2005" 6 = unitary management pursuant to Art. 96. paragraph 2. of "Legislative Decree 209/2005"

(5) This is the product of the shareholding ratio relating to all companies that, positioned throughout the participatory chain, are interposed between the company that prepares the consolidated financial statements and the company in question. If the latter is directly owned by several subsidiaries it is necessary to add together the individual products

(6) Availability of votes in the ordinary shareholders' meeting, distinguishing between effective and potential



Equity investments in exclusively controlled companies with significant minority interests: Minority interests, availability of minority votes, dividends distributed to minority interests, financial year profit and minority interest in shareholders' equity

(in thousands of euro)

Company name	% Minority interests	% Availability of votes in ordinary shareholders' meeting by minority interests	Dividends distributed to minority interests	Consolidated minority interest in net profit (loss)	Minority interest in shareholders' equity
PLURIMA SERVIZI ASSICURATIVI S.r.l.	21.10%	21.10%	0	(63)	235

Equity investments with significant minority interests: accounting information

(in thousands of euro)

Company name	Investments	Other Assets	Cash and cash equivalents	Insurance liabilities	Financial liabilities
PLURIMA SERVIZI ASSICURATIVI S.r.l.	0	0	67	0	0

(in thousands of euro)

Shareholders' equity	Total income	Profit (Loss) from current operations before tax	Profit (Loss) from current operations after tax	Profit (Loss) from discontinued operations after tax	Profit (Loss) for the year (1)	Other income components after tax (2)	Comprehensive income statement (3) = (1) + (2)
1,112	721	(411)	(299)	0	(299)	0	(299)

Financial statements values of assets and liabilities of structured entities and maximum exposure to the risk of loss

(in thousands of euro)

Name of structured entity/Financial statements items	Revenues received by the structured entity in the year of reference	Carrying amount (on the transfer date) of the assets transferred to the structured entity in the year of reference	Carrying amount of the assets recorded in the financial statements and relating to the structured entity	Corresponding item of the balance sheet assets	Carrying amount of the liabilities recorded in the financial statements and relating to the structured entity	Corresponding item of the balance sheet liabilities	Maximum exposure to the risk of loss
FONDO REALE IMMOBILI	0	0	35,996	4.5	0	0	35,996
FONDO MONVISO	0	0	61,191	4.5	0	0	61,191

8.3 Information regarding the Consolidated Balance Sheet

1. INTANGIBLE ASSETS

Intangible assets: composition of assets

(in thousands of euro)

	Total 2023		Total 2022	
	Total defined duration	Total undefined duration	Total defined duration	Total undefined duration
A.1 Goodwill	0	256,712	0	256,712
A.1.1 of which Group interest	0	256,712	0	256,712
A.1.2 of which minority interest	0	0	0	0
A.2 Other intangible assets	159,448	0	148,206	0
of which software	155,728	0	144,406	0
A.2.1 Assets measured at cost:	159,448	0	148,206	0
a) Intangible assets generated internally	0	0	0	0
b) Other assets	159,448	0	148,206	0
A.2.2 Assets measured at redetermined value:	0	0	0	0
a) Intangible assets generated internally	0	0	0	0
b) Other assets	0	0	0	0
Total	159,448	256,712	148,206	256,712

Goodwill, amounting to €256,712 thousand, stemmed from the following operations:

● Reale Seguros: incorporation of Imperio Vida y Diversos, Union Aseguradora and Mutual Flequera:	182,175
● Consolidation difference on CredemAssicurazioni:	18,939
● Consolidation difference on Uniqa companies:	55,598
- of which: CGU Uniqa Assicurazioni	9,377
- of which: CGU Uniqa Previdenza	38,716
- of which: CGU Uniqa Life	7,505

The goodwill arising on incorporation of Imperio Vida y Diversos S.A., Union Aseguradora S.A. and Mutual Flequera S.A. by Reale Seguros in 2003, 2005 and 2007, respectively, reflects the residual value of the positive difference between the purchase cost and the carrying amounts of the assets and liabilities acquired by the Group.

The difference arising on consolidation of the equity investment in CredemAssicurazioni reflects the positive difference between the cost of the acquisition, which occurred in 2012 by the Parent Company, and the fair value of the assets and liabilities that are acquired.

Finally, as regards the goodwill arising from the first consolidation of the investments in Uniqa Assicurazioni, Uniqa Previdenza and Uniqa Life, which took place in 2017, it reflects the positive difference between the consideration paid by Reale Mutua to acquire the Uniqa Italia Group and the fair value of the acquired assets and the assumed liabilities, net of the portion of goodwill allocated to the customer relationship acquisition within the following 12 months.



Allocation of goodwill

Goodwill, regardless of its origin, is allocated to the CGUs - Cash Generating Units – that are expected to benefit from the synergies of the business combination, as prescribed by IAS 36:80.

Reale Group adopts the general rule that the CGU is identified as the company acquired, at least until this represents the level at which goodwill is monitored for internal management control purposes.

In the case of operations that resulted in incorporation of a company or business unit by the Reale Seguros subsidiary in previous years, starting from financial 2012 the Group has identified the CGU as the merged company.

As a result of the merger of the Uniqa companies into Italiana Assicurazioni in 2018, as of 2019, the consolidation difference related to the acquisition of the Uniqa companies has been allocated to the merging company Italiana Assicurazioni.

Specifically, the consolidation difference arising on the acquisition of the non-life company Uniqa Assicurazioni was allocated to the Italiana Assicurazioni Danni CGU, while that arising on the acquisition of the life companies Uniqa Previdenza and Uniqa Life were allocated to the Italiana Assicurazioni Vita CGU. It was in fact noted that, with reference to the merging companies, there is no longer a clear-cut distinction between the divisions or brands or the technical and insurance management activities either in terms of products or in terms of claims handling and management of the network with respect to the merging company Italiana Assicurazioni.

The decision to consider Reale Seguros and Italiana Assicurazioni (Life and Non-life business) as the entity to be tested for impairment is entirely in line with the definition of CGU as set forth in IAS 36.

The goodwill allocated during first-time adoption on the date of transition to IFRS/IAS (1 January 2004) was equal to the total amount of the goodwill “inherited” as such on 31 December 2003, insofar as business combinations that occurred prior to such date have not been redetermined, as permitted by IFRS 1.

Impairment Tests

The Group carries out impairment tests on goodwill allocated to CGUs when preparing the annual accounts. In fact, according to IAS 36 “Impairment of Assets”, IAS 38 “Intangible Assets” and IFRS 3 “Business combinations”, insofar as goodwill has an indefinite useful life, it is not systematically amortised but must be tested for impairment.

The test checks the carrying amount of each individual CGU against its recoverable amount.

The carrying amount of the CGU corresponds to the aggregate consisting of assets, liabilities and shareholders’ equity of the legal entity and related goodwill (so-called equity side), equivalent to the contribution of the CGU to consolidated shareholders’ equity.

The recoverable amount of the CGU is determined only according to the value in use model as it is not possible to determine the fair value net of costs to sell. Practically speaking, value in use is determined for Non-life CGUs by estimating forecast incoming and outgoing cash flows that will be generated or absorbed by the CGU, discounted at a pre-established rate (Discounted Cash Flow - DCF), and for Non-life CGUs using the Appraisal Value method.

The main parameters and results of the analyses of **Non-Life CGUs** (Reale Seguros, CredemAssicurazioni and Italiana Assicurazioni Non-Life businesses) are shown below.

For the Discounted Cash Flow method, the plans approved by the respective Boards of Directors were used, all of which cover a five-year period except for that of CredemAssicurazioni (3 years).

Forecast cash flows also comprise premiums and charges relating to the management of insurance policies and income and charges relating to financial assets in the portfolio insofar as closely linked to the nature of insurance business. Consequently, cash flows tend to coincide with the net result of the CGU.

The discount rate adopted is the cost of equity, determined as the sum of the risk-free rate of return and a premium for risk that, in turn, depends on the systematic risk profile of the company to which the valuation refers, measured via a β coefficient.

The methods used to calculate the discount rate adopted for the Non-life CGUs are shown below:

	Risk-free rate	β	Risk premium	Cost of capital
Reale Seguros - Non-life business	3.60%	0.63	5.50%	7.08%
Italiana Assicurazioni and CredemAssicurazioni - Non-life business	4.34%	0.63	5.50%	7.82%

For the Spanish CGU, the risk-free rate was taken as being equal to the yield on ten-year Spanish government bonds, and for the Italian CGUs it was taken as being equal to the yield on ten-year Italian government bonds on the valuation date (31.12.2023). The β coefficient was determined as the average of the variations in securities (Non-life segment) issued by European insurers with respect to changes on the market. The Market Risk Premium represents the compensation for an investment where the risk is higher than that of a risk-free asset.

Value in use of Non-life CGUs comprises the respective terminal value, determined through capitalisation of cash flows generated after the explicit forecast period adopting perpetual annuity formulas. In particular, the last cash flow has been discounted assuming a perpetual growth rate of 2%.

The results of the impairment test are summarised below:

	(in thousands of euro)	
	Carrying amount	Recoverable amount
Reale Seguros CGU	595,441	966,081
CredemAssicurazioni CGU	61,300	122,045
Italiana Assicurazioni Danni CGU	386,163	867,940

As a result of the excess of the recoverable amount over the carrying amount, goodwill was not impaired at 31.12.2023. A sensitivity analysis was carried out on the valuations made with the DCF method, assuming fluctuations of the discount rate of +/- 1 percentage points correlated to changes in the growth rate adopted to calculate terminal value in a range of between 1.5% and 2.5%. The sensitivity analysis did not reveal any excess of the carrying amount over the recoverable amount. Therefore, no potential impairment indicators were identified.

Likewise, the assumptions, parameters and results of the impairment tests on the Life CGU (Italiana Assicurazioni - Life business) are detailed below.

The recoverable amount was estimated as the sum of the following:

- Adjusted Net Asset Value ("ANAV" – Net equity adjusted to current values);
- Value of In-Force business ("VIF" – Present value of future earnings on contracts in force on the valuation date, net of reinsurance, taxes, the relative operating expenses and imputed costs for maintaining the capital levels required by the insurance supervisory authority);
- New Business Value ("NBV" – Value of future net earnings considering cash flows generated by new products, net of reinsurance, risk margin cost and taxes).

The sum of ANAV and VIF is the Market Consistent Embedded Value ("MCEV").

The ANAV was calculated based on the equity of the CGU at 31.12.2023, adjusted to reflect the difference between the fair value of certain balance sheet items and the respective carrying amounts.



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The VIF is equal to the sum of the Present Value of Future Profit ("PVFP"), including the Term Value of Options and Guarantees (TVOG), calculated using an appropriately adjusted risk-neutral approach (for example, derecognition of provisions for guaranteed interest rate risk, demographic risk, future charges).

The NBV of each product was determined using an "open portfolio" valuation approach, i.e., by increasing the current portfolio with the new product portfolio.

The results of the impairment test were positive in that the recoverable amount was € 629,027 thousand compared to a carrying amount of €529,907 thousand.

Sensitivity analyses were carried out on the above amounts, using two different scenarios:

- Financial sensitivity, considering a set of scenarios where the average return for each tenor coincided with the curve provided by EIOPA without volatility adjustment (VA), at 31.12.2023;
- Technical sensitivity, considering a 40% increase in the redemption rate.

The sensitivity analysis did not reveal any excess of the carrying amount over the recoverable amount. Therefore, no potential impairment indicators were identified.

As regards the **Other intangible assets** they are constituted by costs of software for long-term use and other assets. Software assets have a finite useful life and are amortised at rates of between 20% and 33%.

Intangible assets: annual changes

(in thousands of euro)

	Goodwill	Other intangible assets : generated internally		Other intangible assets: others		Total
		DEF	UNDEF	DEF	UNDEF	
A. Initial balance	256,712			664,327		921,039
A.1 Total net value impairments				(516,121)		(516,121)
A.2 Net initial balances	256,712			148,206		404,918
B. Increases	0			63,934		63,934
B.1 Purchases	0			56,811		56,811
B.2 Increases of internal intangible assets	X					0
B.3 Write-backs	X			0		0
B.4 Positive changes of redetermined value:						0
- comprehensive income statement	X					0
- income statement	X					0
B.5 Positive exchange differences	0			135		135
B.6 Other changes	0			6,988		6,988
C. Decreases	0			(52,692)		(52,692)
C.1 Sales	0			(6,397)		(6,397)
C.2 Value adjustments	0			(46,066)		(46,066)
- Amortisation and depreciation	X			(45,759)		(45,759)
- Write-downs	0			(307)		(307)
+ comprehensive income statement	X					0
+ income statement	0			(307)		(307)
C.3 Negative changes of redetermined value:						0
- comprehensive income statement	X					0
- income statement	X					0
C.4 Transfers to non-current HFS assets	0			(64)		(64)
C.5 Negative exchange differences	0			(165)		(165)
C.6 Other changes	0			0		0
D. Net final inventories	256,712			159,448		416,160
D.1 Net total value adjustments	0			(46,066)		(46,066)
E. Gross final inventories	256,712			159,448		416,160
F. Measurement at cost	256,712			159,448		416,160



2. TANGIBLE ASSETS

Tangible assets: composition of assets

(in thousands of euro)

	Assets for own use				IAS 2 inventories	
	At cost		At redetermined value		2023	2022
	2023	2022	2023	2022		
1. Owned assets	245,250	247,938	0	0	0	0
a) land	114,251	115,023	0	0	0	0
b) buildings	112,163	111,523	0	0	0	0
c) office furniture and machines	8,288	8,606	0	0	0	0
d) machinery and equipment	10,443	12,702	0	0	0	0
e) other assets	105	84	0	0	0	0
2. Right-of-use assets with leasing	22,168	22,490	0	0	0	0
a) land	0	0	0	0	0	0
b) buildings	6,302	6,327	0	0	0	0
c) office furniture and machines	0	0	0	0	0	0
d) machinery and equipment	0	0	0	0	0	0
e) other assets	15,866	16,163	0	0	0	0
Total	267,418	270,428	0	0	0	0

Land and Buildings for own use

Land and Buildings recorded under tangible assets include those used in the company business. They are recorded at cost and the Buildings are depreciated on a straight-line basis over their useful life. In particular, it should be noted that the depreciation rate used was generally 3%.

The value of Group real estate is tested regularly. In particular, insurance companies are required to comply with the provisions of the Supervisory Authority regarding the calculation of the market value of property used in company operations.

The carrying amount of real estate used in company operations was € 81,014 thousand lower than the market value. The movement on this item is set out in the table below:

Tangible assets for own use: annual changes

(in thousands of euro)

	Land	Buildings	Office furniture and machines	Machinery and equipment	Tangible assets	Leases	Total
A. Gross initial balances	115,023	171,733	90,729	97,361	344	45,561	520,751
A.1 Amortisation, depreciation and impairment provision		(60,210)	(82,123)	(84,659)	(260)	(23,071)	(250,323)
A.2 Net initial balances	115,023	111,523	8,606	12,702	84	22,490	270,428
B. Increases:	519	7,032	3,022	1,143	58	10,837	22,611
B.1 Purchases	0	0	2,963	957	43	8,694	12,657
B.2 Expenses for capitalised improvements	0	6,138	0	0	0	0	6,138
B.3 Write-backs	0	123	0	0	0	0	123
B.4 Positive changes of redetermined value allocated to:	0	0	0	0	0	0	0
a) comprehensive income statement	0	0	0	0	0	0	0
b) income statement	0	0	0	0	0	0	0
B.5 Positive exchange differences	0	0	50	186	0	15	251
B.6 Transfers from investment property	519	771	X	X	X	0	1,290
B.7 Other changes	0	0	9	0	15	2,128	2,152
C. Decreases:	(1,291)	(6,392)	(3,340)	(3,402)	(37)	(11,159)	(25,621)
C.1 Sales	0	0	(28)	0	0	(2,513)	(2,541)
C.2 Amortisations and depreciation	0	(4,891)	(3,215)	(3,199)	(37)	(8,134)	(19,476)
C.3 Impairment value adjustments allocated to:	0	0	0	0	0	0	0
a) comprehensive income statement	0	0	0	0	0	0	0
b) income statement	0	0	0	0	0	0	0
C.4 Negative changes of redetermined value allocated to:	0	0	0	0	0	0	0
a) comprehensive income statement	0	0	0	0	0	0	0
b) income statement	0	0	0	0	0	0	0
C.5 Negative exchange differences	0	0	(97)	(47)	0	(235)	(379)
C.6 Transfers to:	(1,291)	(1,501)	0	0	0	0	(2,792)
a) investment property	(107)	(30)	X	X	X	0	(137)
b) non-current assets or of a disposal group HFS	(1,184)	(1,471)	0	0	0	0	(2,655)
C.7 Other changes	0	0	0	(156)	0	(277)	(433)
D. Net final inventories	114,251	112,163	8,288	10,443	105	22,168	267,418
D.1 Amortisation, depreciation and impairment provision	0	(64,498)	(85,370)	(87,629)	(316)	(29,153)	(266,966)
D.2 Gross final inventories	114,251	112,163	8,288	10,444	105	22,168	267,419
E. Measurement at cost	114,251	112,163	8,288	10,444	105	22,168	267,419



Other tangible assets mainly includes instrumental assets used by Group companies to carry out their business, such as furniture, hardware, machinery and equipment.

Right-of-use assets with leasing relate to the lease of data centre hardware and company cars.

3. INSURANCE ASSETS

This section provides information on reinsurance cessions defined and regulated by IFRS 17, belonging to portfolios of reinsurance cession contracts that constitute assets.

In accordance with IVASS Regulation no.7, the aggregation bases relating to reinsurance cessions are the Non-Life business and the Life business.

The following table contains information on reinsurance cessions that constitute assets or liabilities depending on the level of the closing balance.

(in thousands of euro)

Aggregation items/bases	31.12.2023			31/12/2022		
	BBA	PAA	Total	BBA	PAA	Total
1. Reinsurance cessions that constitute assets	62,465	780,193	842,658	56,728	440,638	497,366
2. Reinsurance cessions that constitute liabilities	(315)	(576)	(891)	0	(348)	(348)
3. Financial statements net assets	62,150	779,617	841,767	56,728	440,290	497,018
of which Non-Life business	14,984	775,666	790,650	14,659	436,696	451,355
of which Life business	47,166	3,951	51,117	42,069	3,594	45,663

Non-life business

Dynamic of the carrying amount of reinsurance cessions - GMM - assets for residual cover and for claims occurring

(in thousands of euro)

	Assets for 2023 residual cover		Assets for 2023 claims occurring	Total 2023
	Net of the loss recovery component	Loss recovery component		
A. Initial carrying amount				
1. Reinsurance cessions that constitute assets	6,328	0	8,331	14,659
2. Reinsurance cessions that constitute liabilities	0	0	0	0
3. Net carrying amount at 1 January	6,328	0	8,331	14,659
B. Economic effects connected with reinsurance cessions				
1. Reinsurance expense	(12,549)	0	0	(12,549)
2. Claims and other recovered expenses	0	0	7,146	7,146
3. Changes of assets for claims occurring	0	0	(3,085)	(3,085)
4. Reinsurance cessions that cover onerous contracts	(654)	1,504	0	850
4.1 Income connected with the recording of onerous underlying insurance contracts	(654)	0	0	(654)
4.2 Releases of the loss recovery component other than changes in cash flows of reinsurance cession contracts	0	1,504	0	1,504
4.3 Changes in cash flows of reinsurance cessions from onerous underlying insurance contracts	0	0	0	0
5. Effects of change of default risk by reinsurers	(3)	0	0	(3)
6. Total	(13,206)	1,504	4,062	(7,641)
C. Insurance services result (Total B)	(13,206)	1,504	4,062	(7,641)
D. Net income/expenses of financial nature				
1. Relating to reinsurance cessions	363	0	158	521
1.1. Recorded in income statement	61	0	(8)	53
1.2. Recorded in comprehensive income statement	301	0	167	468
2. Effects connected with exchange rate changes	0	0	0	0
3. Total	363	0	158	521
E. Investment components	0	0	0	0
F. Total amount recorded in income statement and in comprehensive income statement (C+D+E)	(12,844)	1,504	4,220	(7,120)
G. Other changes	0	(1,504)	0	(1,504)
H. Cash movements				
1. Premiums paid net of amounts not connected with claims recovered from reinsurers	15,465	0	0	15,465
2. Amount of claims recovered from reinsurers	0	0	(6,517)	(6,517)
3. Total	15,465	0	(6,517)	8,948
I. Net carrying amount at 31 December (A.3+F+G+H.3)	8,949	0	6,035	14,984
L. Final carrying amount				
1. Reinsurance cessions that constitute assets	8,949	0	6,035	14,984
2. Reinsurance cessions that constitute liabilities	0	0	0	0
3. Net carrying amount at 31 December	8,949	0	6,035	14,984



(in thousands of euro)

	Assets for 2022 residual cover		Assets for 2022 claims occurring	Total 2022
	Net of the loss recovery component	Loss recovery component		
A. Initial carrying amount				
1. Reinsurance cessions that constitute assets	12,415	0	15,902	28,317
2. Reinsurance cessions that constitute liabilities	0	0	0	0
3. Net carrying amount at 1 January	12,415	0	15,902	28,317
B. Economic effects connected with reinsurance cessions				
1. Reinsurance expense	(13,257)	0	0	(13,257)
2. Claims and other recovered expenses	0	0	5,612	5,612
3. Changes of assets for claims occurring	0	0	(7,701)	(7,701)
4. Reinsurance cessions that cover onerous contracts	(1,599)	116	0	(1,483)
4.1 Income connected with the recording of onerous underlying insurance contracts	(1,599)	0	0	(1,599)
4.2 Releases of the loss recovery component other than changes in cash flows of reinsurance cession contracts	0	116	0	116
4.3 Changes in cash flows of reinsurance cessions from onerous underlying insurance contracts	0	0	0	0
5. Effects of change of default risk by reinsurers	4	0	4	8
6. Total	(14,852)	116	(2,085)	(16,821)
C. Insurance services result (Total B)	(14,852)	116	(2,085)	(16,821)
D. Net income/expenses of financial nature				
1. Relating to reinsurance cessions	(1,358)	0	(504)	(1,862)
1.1. Recorded in income statement	(99)	0	(56)	(155)
1.2. Recorded in comprehensive income statement	(1,259)	0	(448)	(1,707)
2. Effects connected with exchange rate changes	0	0	0	0
3. Total	(1,358)	0	(504)	(1,862)
E. Investment components	0	0	0	0
F. Total amount recorded in income statement and in comprehensive income statement (C+D+E)	(16,210)	116	(2,589)	(18,683)
G. Other changes	0	(116)	0	(116)
H. Cash movements				
1. Premiums paid net of amounts not connected with claims recovered from reinsurers	10,123	0	0	10,123
2. Amount of claims recovered from reinsurers	0	0	(4,982)	(4,982)
3. Total	10,123	0	(4,982)	5,141
I. Net carrying amount at 31 December (A.3+F+G+H.3)	6,328	0	8,331	14,659
L. Final carrying amount				
1. Reinsurance cessions that constitute assets	6,328	0	8,331	14,659
2. Reinsurance cessions that constitute liabilities	0	0	0	0
3. Net carrying amount at 31 December	6,328	0	8,331	14,659

Dynamic of the carrying amount of reinsurance cessions - PAA - assets for residual cover and for claims occurring

(in thousands of euro)

	Assets for 2023 residual cover		Assets for 2023 claims occurring		Total 2023
	Net of the loss recovery component	Loss recovery component	Current value of cash flows	Adjustment for non-financial risks	
A. Initial carrying amount					
1. Reinsurance cessions that constitute assets	(4,909)	0	428,821	13,133	437,044
2. Reinsurance cessions that constitute liabilities	(202)	0	(172)	25	(348)
3. Net carrying amount at 1 January	(5,111)	0	428,649	13,157	436,696
B. Economic effects connected with reinsurance cessions					
1. Reinsurance expense	(404,012)	0	0	0	(404,012)
2. Claims and other recovered expenses	0	0	489,668	0	489,668
3. Changes of assets for claims occurring	0	0	140,981	8,012	148,993
4. Reinsurance cessions that cover onerous contracts	0	0	0	0	0
4.1 Income connected with the initial recording of onerous underlying insurance contracts	0	0	0	0	0
4.2 Releases of the loss recovery component other than changes in cash flows of reinsurance cession contracts	0	0	0	0	0
4.3 Changes in cash flows of reinsurance cessions from onerous underlying insurance contracts	0	0	0	0	0
5. Effects of change of default risk by reinsurers	0	0	(1,336)	0	(1,336)
6. Total	(404,012)	0	629,312	8,012	233,313
C. Insurance services result (Total B)	(404,012)	0	629,312	8,012	233,313
D. Income/expenses of financial nature					
1. Relating to reinsurance cessions	(65)	0	12,329	0	12,264
1.1 Recorded in income statement	(65)	0	(55)	0	(120)
1.2. Recorded in comprehensive income statement	0	0	12,384	0	12,384
2. Effects connected with exchange rate changes	0	0	0	0	0
3. Total	(65)	0	12,329	0	12,264
E. Investment components	0	0	0	0	0
F. Total amount recorded in income statement and in comprehensive income statement (C+D+E)	(404,076)	0	641,641	8,012	245,577
G. Other changes	0	0	0	0	0
H. Cash movements					
1. Premiums paid net of amounts not connected with claims recovered from reinsurers	386,745	0	0	0	386,745
2. Amount of claims recovered from reinsurers	0	0	(293,350)	0	(293,350)
3. Total	386,745	0	(293,350)	0	93,395
I. Net carrying amount at 31 December (A.3+F+G+H.3)	(22,442)	0	776,940	21,169	775,667
L. Final carrying amount					
1. Reinsurance cessions that constitute assets	(21,897)	0	776,950	21,150	776,203
2. Reinsurance cessions that constitute liabilities	(545)	0	(10)	19	(535)
3. Net carrying amount at 31 December	(22,442)	0	776,940	21,169	775,667



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(in thousands of euro)

	Assets for 2022 residual cover		Assets for 2022 claims occurring		Total 2022
	Net of the loss recovery component	Loss recovery component	Current value of cash flows	Adjustment for non-financial risks	
A. Initial carrying amount					
1. Reinsurance cessions that constitute assets	(22,970)	0	517,092	14,203	508,325
2. Reinsurance cessions that constitute liabilities	0	0	0	0	0
3. Net carrying amount at 1 January	(22,970)	0	517,092	14,203	508,325
B. Economic effects connected with reinsurance cessions					
1. Reinsurance expense	(350,700)	0	0	0	(350,700)
2. Claims and other recovered expenses	0	0	358,341	0	358,341
3. Changes of assets for claims occurring	0	0	(3,865)	(1,046)	(4,911)
4. Reinsurance cessions that cover onerous contracts	(81,244)	0	0	0	(81,244)
4.1 Income connected with the initial recording of onerous underlying insurance contracts	0	0	0	0	0
4.2 Releases of the loss recovery component other than changes in cash flows of reinsurance cession contracts	(81,244)	0	0	0	(81,244)
4.3 Changes in cash flows of reinsurance cessions from onerous underlying insurance contracts	0	0	0	0	0
5. Effects of change of default risk by reinsurers	0	0	1,406	0	1,406
6. Total	(431,944)	0	355,882	(1,046)	(77,108)
C. Insurance services result (Total B)	(431,944)	0	355,882	(1,046)	(77,108)
D. Income/expenses of financial nature					
1. Relating to reinsurance cessions	0	0	(23,019)	0	(23,019)
1.1 Recorded in income statement	0	0	(646)	0	(646)
1.2. Recorded in comprehensive income statement	0	0	(22,374)	0	(22,374)
2. Effects connected with exchange rate changes	0	0	0	0	0
3. Total	0	0	(23,019)	0	(23,019)
E. Investment components	0	0	0	0	0
F. Total amount recorded in income statement and in comprehensive income statement (C+D+E)	(431,944)	0	332,863	(1,046)	(100,127)
G. Other changes	0	0	0	0	0
H. Cash movements					
1. Premiums paid net of amounts not connected with claims recovered from reinsurers	449,803	0	0	0	449,803
2. Amount of claims recovered from reinsurers	0	0	(421,305)	0	(421,305)
3. Total	449,803	0	(421,305)	0	28,498
I. Net carrying amount at 31 December (A.3+F+G+H.3)	(5,111)	0	428,649	13,157	436,696
L. Final carrying amount					
1. Reinsurance cessions that constitute assets	(4,909)	0	428,821	13,133	437,044
2. Reinsurance cessions that constitute liabilities	(202)	0	(172)	25	(348)
3. Net carrying amount at 31 December	(5,111)	0	428,649	13,157	436,696

Dynamic of the carrying amount of reinsurance cessions for elements underlying the measurement

(in thousands of euro)

	Elements underlying the measurement of the carrying amount of reinsurance cessions			
	Current value of 2023 cash flows	Adjustment for 2023 non-financial risks	2023 contractual service margin	Total 2023
A. Initial carrying amount				
1. Reinsurance cessions that constitute assets	6,969	1,080	6,611	14,659
2. Reinsurance cessions that constitute liabilities	0	0	0	0
3. Net carrying amount at 1 January	6,969	1,080	6,611	14,659
B. Changes relating to current services				
1. Contractual service margin recorded in income statement	0	0	405	405
2. Change for expired non-financial risks	0	(272)	0	(272)
3. Changes connected with experience	(6,243)	53	0	(6,191)
4. Total	(6,243)	(219)	405	(6,058)
C. Changes relating to future services				
1. Changes of estimates that modify the contractual service margin	5,161	625	(5,786)	0
2. Effects of contracts registered in the year	(1,543)	76	1,467	0
3. Adjustment of the contractual service margin connected with recoveries relating to the initial registration of onerous underlying insurance contracts	0	0	0	0
4. Releases of the loss recovery component other than changes in cash flows of reinsurance cession contracts	0	0	1,504	1,504
5. Changes in cash flows of reinsurance cessions from onerous underlying insurance contracts	0	0	0	0
6. Total	3,617	701	(2,815)	1,504
D. Changes relating to past services				
1. Adjustments to assets for claims occurring	(2,918)	(166)	0	(3,084)
E. Effects of changes of default risk of reinsurers	(3)	0	0	(3)
F. Insurance services result (B+C+D+E)	(5,547)	316	(2,410)	(7,641)
G. Income/expenses of financial nature				
1. Relating to reinsurance cessions	477	0	44	521
1.1 Recorded in income statement	9	0	44	53
1.2. Recorded in comprehensive income statement	468	0	0	468
2. Effects connected with exchange rate changes	0	0	0	0
3. Total	477	0	44	521
H. Total amount recorded in income statement and in comprehensive income statement (F+G)	(5,069)	316	(2,366)	(7,120)
I. Other changes	(1)	1	(1,504)	(1,504)
L. Cash movements				
1. Premiums paid net of amounts not connected with claims recovered from reinsurers	15,465	0	0	15,465
2. Amounts recovered from reinsurers	(6,517)	0	0	(6,517)
3. Total	8,948	0	0	8,948
M. Net carrying amount at 31 December (A.3+H+I+L.3)	10,847	1,396	2,741	14,984
N. Final carrying amount				
1. Reinsurance cessions that constitute assets	10,847	1,396	2,741	14,984
2. Reinsurance cessions that constitute liabilities	0	0	0	0
3. Net carrying amount at 31 December	10,847	1,396	2,741	14,984



(in thousands of euro)

	Elements underlying the measurement of the carrying value of reinsurance cessions			
	Current value of 2022 cash flows	Adjustment for 2022 non-financial risks	2022 contractual service margin	Total 2022
A. Initial carrying amount				
1. Reinsurance cessions that constitute assets	24,310	1,199	2,808	28,317
2. Reinsurance cessions that constitute liabilities	0	0	0	0
3. Net carrying amount at 1 January	24,310	1,199	2,808	28,317
B. Changes relating to current services				
1. Contractual service margin recorded in income statement	0	0	(2,296)	(2,296)
2. Change for expired non-financial risks	0	(241)	0	(241)
3. Changes connected with experience	(6,844)	137	0	(6,707)
4. Total	(6,844)	(104)	(2,296)	(9,245)
C. Changes relating to future services				
1. Changes of estimates that modify the contractual service margin	(5,296)	193	5,103	0
2. Effects of contracts registered in the year	(1,135)	119	1,016	0
3. Adjustment of the contractual service margin connected with recoveries relating to the initial registration of onerous underlying insurance contracts	0	0	0	0
4. Releases of the loss recovery component other than changes in cash flows of reinsurance cession contracts	0	0	116	116
5. Changes in cash flows of reinsurance cessions from onerous underlying insurance contracts	0	0	0	0
6. Total	(6,431)	311	6,236	116
D. Changes relating to past services				
1. Adjustments to assets for claims occurring	(7,360)	(337)	0	(7,697)
E. Effects of changes of default risk of reinsurers	4	0	0	4
F. Insurance services result (B+C+D+E)	(20,631)	(130)	3,940	(16,821)
G. Income/expenses of financial nature				
1. Relating to reinsurance cessions	(1,841)	0	(20)	(1,862)
1.1 Recorded in income statement	(135)	0	(20)	(155)
1.2. Recorded in comprehensive income statement	(1,707)	0	0	(1,707)
2. Effects connected with exchange rate changes	0	0	0	0
3. Total	(1,841)	0	(20)	(1,862)
H. Total amount recorded in income statement and in comprehensive income statement (F+G)	(22,471)	(129)	3,920	(18,680)
I. Other changes	(10)	10	(116)	(116)
L. Cash movements				
1. Premiums paid net of amounts not connected with claims recovered from reinsurers	10,123	0	0	10,123
2. Amounts recovered from reinsurers	(4,982)	0	0	(4,982)
3. Total	5,141	0	0	5,141
M. Net carrying amount at 31 December (A.3+H+I+L.3)	6,970	1,080	6,612	14,662
N. Final carrying amount				
1. Reinsurance cessions that constitute assets	6,969	1,080	6,611	14,659
2. Reinsurance cessions that constitute liabilities	0	0	0	0
3. Net carrying amount at 31 December	6,969	1,080	6,611	14,659

Dynamic of the contractual service margin of reinsurance cessions broken down based upon the existing contracts at the time of the transition to IFRS 17

(in thousands of euro)

	2023				
	New contracts and contracts measured at the transition date with the full retroactive application method	Contracts measured at the transition date with the modified retroactive application method	Contracts measured at the transition date with the fair value method	Contracts subject to carve-out	Total
Contractual service margin - Initial balances	3,781	0	2,829	0	6,610
Changes referring to current services					
- Contractual service margin recorded in income statement to reflect services received	1,085	0	-680	0	405
Changes referring to future services					
- Changes of estimates that modify the contractual service margin	(4,512)	0	(1,274)	0	(5,786)
- Effects of contracts initially recorded in the financial year of reference	1,467	0	0	0	1,467
Income/expenses of financial nature					
1. Relating to reinsurance cessions	51	0	(7)	0	44
2. Effects connected with exchange rate changes	0	0	0	0	0
3. Total	51	0	(7)	0	44
Total changes recorded in income statement and in comprehensive income statement	(1,909)	0	(1,961)	0	(3,870)
Contractual service margin - Final inventories	1,872	0	868	0	2,740



(in thousands of euro)

	2022					
	New contracts and contracts measured at the transition date with the full retroactive application method	Contracts measured at the transition date with the modified retroactive application method	Contracts measured at the transition date with the fair value method	Contracts subject to carve-out	Total	
Contractual service margin - Initial balances	0	0	2,808	0	2,808	
Changes referring to current services						
- Contractual service margin recorded in income statement to reflect services received	(1,300)	0	(996)	0	(589)	
Changes referring to future services						
- Changes of estimates that modify the contractual service margin	4,071	0	1,033	0	3,397	
- Effects of contracts initially recorded in the financial year of reference	1,016	0	0	0	1,015	
Income/expenses of financial nature						
1. Relating to reinsurance cessions	(5)	0	(15)	0	(20)	
2. Effects connected with exchange rate changes	0	0	0	0	0	
3. Total	(5)	0	(15)	0	(20)	
Total changes recorded in income statement and in comprehensive income statement	3,781	0	22	0	3,803	
Contractual service margin - Final inventories	3,781	0	2,830	0	6,611	

Elements underlying the measurement of reinsurance cessions written during the year

(in thousands of euro)

Items/Groups of contracts	2023 originated contracts			Contracts acquired in 2023 business aggregation operations			2023 contracts transferred from third parties		
	Contracts without loss recovery component	Contracts with loss recovery component	Total	Contracts without loss recovery component	Contracts with loss recovery component	Total	Contracts without loss recovery component	Contracts with loss recovery component	Total
	A. Estimate of current value of future outgoing cash flows of which: Cash flows connected with the acquisition of insurance contracts	(3,755)	0	(3,755)	0	0	0	0	0
B. Estimate of current value of future incoming cash flows	(2,212)	0	(2,212)	0	0	0	0	0	0
C. Estimate of net current value of future cash flows (A-B)	(1,543)	0	(1,543)	0	0	0	0	0	0
D. Estimate of adjustment for non-financial risks	76	0	76	0	0	0	0	0	0
E. Accounting elimination of already registered cash flows			0	0	0	0	0	0	0
F. Contractual service margin	1,467	0	1,467	0	0	0	0	0	0
G. Increase of assets for reinsurance cessions recorded in the year by virtue of the registration of new contracts (C+D+E+F)	0	0	0	0	0	0	0	0	0



(in thousands of euro)

Items/Groups of contracts	2022 originated contracts			Contracts acquired in 2022 business aggregation operations			2022 contracts transferred from third parties		
	Contracts without loss recovery component	Contracts with loss recovery component	Total	Contracts without loss recovery component	Contracts with loss recovery component	Total	Contracts without loss recovery component	Contracts with loss recovery component	Total
A. Estimate of current value of future outgoing cash flows									
of which: Cash flows connected with the acquisition of insurance contracts	(5,532)	0	(5,532)	0	0	0	0	0	0
B. Estimate of current value of future incoming cash flows	(4,397)	0	(4,397)	0	0	0	0	0	0
C. Estimate of net current value of future cash flows (A-B)	(1,135)	0	(1,135)	0	0	0	0	0	0
D. Estimate of adjustment for non-financial risks	119	0	119	0	0	0	0	0	0
E. Accounting elimination of already registered cash flows	0	0	0	0	0	0	0	0	0
F. Contractual service margin	1,016	0	1,016	0	0	0	0	0	0
G. Increase of assets for reinsurance cessions recorded in the year by virtue of the registration of new contracts (C+D+E+F)	0	0	0	0	0	0	0	0	0

Life business

Dynamic of the carrying amount of reinsurance cessions - GMM - assets for residual cover and for claims occurring

(in thousands of euro)

	Assets for 2023 residual cover			
	Net of the loss recovery component	Loss recovery component	Assets for 2023 claims occurring	Total 2023
A. Initial carrying amount				
1. Reinsurance cessions that constitute assets	13,773	0	28,296	42,069
2. Reinsurance cessions that constitute liabilities	0	0	0	0
3. Net carrying amount at 1 January	13,773	0	28,296	42,069
B. Economic effects connected with reinsurance cessions				
1. Reinsurance expense	(34,713)	0	0	(34,713)
2. Claims and other recovered expenses	0	0	32,845	32,845
3. Changes of assets for claims occurring	0	0	379	379
4. Cessions to reinsurance that cover onerous contracts	0	0	0	0
4.1 Income connected with the registration of onerous underlying insurance contracts	0	0	0	0
4.2 Releases of the loss recovery component other than changes in cash flows of reinsurance cession contracts	0	0	0	0
4.3 Changes in cash flows of reinsurance cessions from onerous underlying insurance contracts	0	0	0	0
5. Effects of change of default risk by reinsurers	0	0	0	0
6. Total	(34,713)	0	33,224	(1,489)
C. Insurance services result (Total B)	(34,713)	0	33,224	(1,489)
D. Net income/expenses of financial nature				
1. Relating to reinsurance cessions	(1,907)	0	7,298	5,392
1.1. Recorded in income statement	(1,907)	0	0	(1,907)
1.2. Recorded in comprehensive income statement	0	0	7,298	7,298
2. Effects connected with exchange rate changes	0	0	0	0
3. Total	(1,907)	0	7,298	5,392
E. Investment components	0	0	0	0
F. Total amount recorded in income statement and in comprehensive income statement (C+D+E)	(36,620)	0	40,522	3,903
G. Other changes	0	0	0	0
H. Cash movements				
1. Premiums paid net of amounts not connected with claims recovered from reinsurers	31,028	0	0	31,028
2. Amount of claims recovered from reinsurers	0	0	(29,834)	(29,834)
3. Total	31,028	0	(29,834)	1,194
I. Net carrying amount at 31 December (A.3+F+G+H.3)	8,182	0	38,983	47,165
L. Final carrying amount				
1. Reinsurance cessions that constitute assets	8,646	0	38,834	47,481
2. Reinsurance cessions that constitute liabilities	(464)	0	149	(315)
3. Net carrying amount at 31 December	8,182	0	38,983	47,165



(in thousands of euro)

	Assets for 2022 residual cover			
	Net of the loss recovery component	Loss recovery component	Assets for 2022 claims occurring	Total 2022
A. Initial carrying amount				
1. Reinsurance cessions that constitute assets	15,099	0	29,969	45,068
2. Reinsurance cessions that constitute liabilities	0	0	0	0
3. Net carrying amount at 1 January	15,099	0	29,969	45,068
B. Economic effects connected with reinsurance cessions				
1. Reinsurance expense	(33,770)	0	0	(33,770)
2. Claims and other recovered expenses	0	0	31,115	31,115
3. Changes of assets for claims occurring	0	0	(490)	(490)
4. Reinsurance cessions that cover onerous contracts	0	0	0	0
4.1 Income connected with the registration of onerous underlying insurance contracts	0	0	0	0
4.2 Releases of the loss recovery component other than changes in cash flows of reinsurance cession contracts	0	0	0	0
4.3 Changes in cash flows of reinsurance cessions from onerous underlying insurance contracts	0	0	0	0
5. Effects of change of default risk by reinsurers	0	0	0	0
6. Total	(33,770)	0	30,625	(3,145)
C. Insurance services result (Total B)	(33,770)	0	30,625	(3,145)
D. Net income/expenses of financial nature				
1. Relating to reinsurance cessions	(2,241)	0	0	(2,241)
1.1. Recorded in income statement	(2,241)	0	0	(2,241)
1.2. Recorded in comprehensive income statement	0	0	0	0
2. Effects connected with exchange rate changes	0	0	0	0
3. Total	(2,241)	0	0	(2,241)
E. Investment components	0	0	0	0
F. Total amount recorded in income statement and in comprehensive income statement (C+D+E)	(36,011)	0	30,625	(5,386)
G. Other changes	0	0	0	0
H. Cash movements				
1. Premiums paid net of amounts not connected with claims recovered from reinsurers	34,686	0	0	34,686
2. Amount of claims recovered from reinsurers	0	0	(32,298)	(32,298)
3. Total	34,686	0	(32,298)	2,387
I. Net carrying amount at 31 December (A.3+F+G+H.3)	13,773	0	28,296	42,069
L. Final carrying amount				
1. Reinsurance cessions that constitute assets	13,773	0	28,296	42,069
2. Reinsurance cessions that constitute liabilities	0	0	0	0
3. Net carrying amount at 31 December	13,773	0	28,296	42,069

Dynamic of the carrying amount of reinsurance cessions - PAA - assets for residual cover and for claims occurring

(in thousands of euro)

	Assets for 2023 residual cover		Assets for 2023 claims occurring		Total 2023
	Net of the loss recovery component	Loss recovery component	Current value of cash flows	Adjustment for non-financial risks	
A. Initial carrying amount					
1. Reinsurance cessions that constitute assets	78	0	3,516	0	3,594
2. Reinsurance cessions that constitute liabilities	0	0	0	0	0
3. Net carrying amount at 1 January	78	0	3,516	0	3,594
B. Economic effects connected with reinsurance cessions					
1. Reinsurance expense	(4,693)	0	0	0	(4,693)
2. Claims and other recovered expenses	0	0	4,064	0	4,064
3. Changes of assets for claims occurring	0	0	(269)	0	(269)
4. Reinsurance cessions that cover onerous contracts	0	0	0	0	0
4.1 Income connected with the initial registration of onerous underlying insurance contracts	0	0	0	0	0
4.2 Releases of the loss recovery component other than changes in cash flows of reinsurance cession contracts	0	0	0	0	0
4.3 Changes in cash flows of reinsurance cessions from onerous underlying insurance contracts	0	0	0	0	0
5. Effects of change of default risk by reinsurers	0	0	0	0	0
6. Total	(4,693)	0	3,795	0	(898)
C. Insurance services result (Total B)	(4,693)	0	3,795	0	(898)
D. Income/expenses of financial nature					
1. Relating to reinsurance cessions	0	0	0	0	0
1.1 Recorded in income statement	0	0	0	0	0
1.2. Recorded in comprehensive income statement	0	0	0	0	0
2. Effects connected with exchange rate changes	0	0	0	0	0
3. Total	0	0	0	0	0
E. Investment components	0	0	0	0	0
F. Total amount recorded in income statement and in comprehensive income statement (C+D+E)	(4,693)	0	3,795	0	(898)
G. Other changes	0	0	0	0	0
H. Cash movements					
1. Premiums paid net of amounts not connected with claims recovered from reinsurers	5,532	0	0	0	5,532
2. Amount of claims recovered from reinsurers	0	0	(4,277)	0	(4,277)
3. Total	5,532	0	(4,277)	0	1,255
I. Net carrying amount at 31 December (A.3+F+G+H.3)	917	0	3,034	0	3,951
L. Final carrying amount					
1. Reinsurance cessions that constitute assets	957	0	3,034	0	3,991
2. Reinsurance cessions that constitute liabilities	(40)	0	0	0	(40)
3. Net carrying amount at 31 December	917	0	3,034	0	3,951



(in thousands of euro)

	Assets for 2022 residual cover		Assets for 2022 claims occurring		Total 2022
	Net of the loss recovery component	Loss recovery component	Current value of cash flows	Adjustment for non-financial risks	
A. Initial carrying amount					
1. Reinsurance cessions that constitute assets	544	0	2,366	0	2,910
2. Reinsurance cessions that constitute liabilities	0	0	0	0	0
3. Net carrying amount at 1 January	544	0	2,366	0	2,910
B. Economic effects connected with reinsurance cessions					
1. Reinsurance expense	(1,019)	0	0	0	(1,019)
2. Claims and other recovered expenses	0	0	316	0	316
3. Changes of assets for claims occurring	0	0	0	0	0
4. Reinsurance cessions that cover onerous contracts	0	0	0	0	0
4.1 Income connected with the initial registration of onerous underlying insurance contracts	0	0	0	0	0
4.2 Releases of the loss recovery component other than changes in cash flows of reinsurance cession contracts	0	0	0	0	0
4.3 Changes in cash flows of reinsurance cessions from onerous underlying insurance contracts	0	0	0	0	0
5. Effects of change of default risk by reinsurers	0	0	0	0	0
6. Total	(1,019)	0	316	0	(703)
C. Insurance services result (Total B)	(1,019)	0	316	0	(703)
D. Income/expenses of financial nature					
1. Relating to reinsurance cessions	0	0	0	0	0
1.1 Recorded in income statement	0	0	0	0	0
1.2. Recorded in comprehensive income statement	0	0	0	0	0
2. Effects connected with exchange rate changes	0	0	0	0	0
3. Total	0	0	0	0	0
E. Investment components	0	0	0	0	0
F. Total amount recorded in income statement and in comprehensive income statement (C+D+E)	(1,019)	0	316	0	(703)
G. Other changes	0	0	0	0	0
H. Cash movements					
1. Premiums paid net of amounts not connected with claims recovered from reinsurers	553	0	0	0	553
2. Amount of claims recovered from reinsurers	0	0	834	0	834
3. Total	553	0	834	0	1,387
I. Net carrying amount at 31 December (A.3+F+G+H.3)	78	0	3,516	0	3,594
L. Final carrying amount					
1. Reinsurance cessions that constitute assets	78	0	3,516	0	3,594
2. Reinsurance cessions that constitute liabilities	0	0	0	0	0
3. Net carrying amount at 31 December	78	0	3,516	0	3,594

Dynamic of the carrying amount of reinsurance cessions for elements underlying the measurement

(in thousands of euro)

	Elements underlying the measurement of the carrying value of reinsurance cessions			
	Current value of 2023 cash flows	Adjustment for 2023 non-financial risks	2023 contractual service margin	Total 2023
A. Initial carrying amount				
1. Reinsurance cessions that constitute assets	42,069	0	0	42,069
2. Reinsurance cessions that constitute liabilities	0	0	0	0
3. Net carrying amount at 1 January	42,069	0	0	42,069
B. Changes relating to current services				
1. Contractual service margin recorded in income statement	0	0	(11,461)	(11,461)
2. Change for expired non-financial risks	0	0	0	0
3. Changes connected with experience	9,561	0	0	9,561
4. Total	9,561	0	(11,461)	(1,901)
C. Changes relating to future services				
1. Changes of estimates that modify the contractual service margin	(39,434)	3,543	35,891	0
2. Effects of contracts registered in the year	0	0	0	0
3. Adjustment of the contractual service margin connected with recoveries relating to the initial registration of onerous underlying insurance contracts	0	0	0	0
4. Releases of the loss recovery component other than changes in cash flows of reinsurance cession contracts	0	0	0	0
5. Changes in cash flows of reinsurance cessions from onerous underlying insurance contracts	0	0	0	0
6. Total	(39,434)	3,543	35,891	0
D. Changes relating to past services				
1. Adjustments to assets for claims occurring	379	0	0	379
E. Effects of changes of default risk of reinsurers	0	0	0	0
F. Insurance services result (B+C+D+E)	(29,494)	3,543	24,429	(1,522)
G. Income/expenses of financial nature				
1. Relating to reinsurance cessions	5,392	0	0	5,392
1.1 Recorded in income statement	(1,907)	0	0	(1,907)
1.2. Recorded in comprehensive income statement	7,298	0	0	7,298
2. Effects connected with exchange rate changes	0	0	0	0
3. Total	5,392	0	0	5,392
H. Total amount recorded in income statement and in comprehensive income statement (F+G)	(24,103)	3,543	24,429	3,870
I. Other changes	0	0	0	0
L. Cash movements				
1. Premiums paid net of amounts not connected with claims recovered from reinsurers	31,028	0	0	31,028
2. Amounts recovered from reinsurers	(29,834)	0	0	(29,834)
3. Total	1,194	0	0	1,194
M. Net carrying amount at 31 December (A.3+H+I+L.3)	19,160	3,543	24,429	47,132
N. Final carrying amount				
1. Reinsurance cessions that constitute assets	21,814	3,172	22,462	47,448
2. Reinsurance cessions that constitute liabilities	(2,654)	372	1,967	(315)
3. Net carrying amount at 31 December	19,160	3,543	24,429	47,132



(in thousands of euro)

Elements underlying the measurement of the carrying value of reinsurance cessions				
	Current value of 2022 cash flows	Adjustment for 2022 non-financial risks	2022 contractual service margin	Total 2022
A. Initial carrying amount				
1. Reinsurance cessions that constitute assets	45,068	0	0	45,068
2. Reinsurance cessions that constitute liabilities	0	0	0	0
3. Net carrying amount at 1 January	45,068	0	0	45,068
B. Changes relating to current services				
1. Contractual service margin recorded in income statement	0	0	0	0
2. Change for expired non-financial risks	0	0	0	0
3. Changes connected with experience	(2,655)	0	0	(2,655)
4. Total	(2,655)	0	0	(2,655)
C. Changes relating to future services				
1. Changes of estimates that modify the contractual service margin	0	0	0	0
2. Effects of contracts registered in the year	0	0	0	0
3. Adjustment of the contractual service margin connected with recoveries relating to the initial registration of onerous underlying insurance contracts	0	0	0	0
4. Releases of the loss recovery component other than changes in cash flows of reinsurance cession contracts	0	0	0	0
5. Changes in cash flows of reinsurance cessions from onerous underlying insurance contracts	0	0	0	0
6. Total	0	0	0	0
D. Changes relating to past services				
1. Adjustments to assets for claims occurring	(490)	0	0	(490)
E. Effects of changes of default risk of reinsurers	0	0	0	0
F. Insurance services result (B+C+D+E)	(3,145)	0	0	(3,145)
G. Income/expenses of financial nature				
1. Relating to reinsurance cessions	(2,241)	0	0	(2,241)
1.1 Recorded in income statement	(2,241)	0	0	(2,241)
1.2. Recorded in comprehensive income statement	0	0	0	0
2. Effects connected with exchange rate changes	0	0	0	0
3. Total	(2,241)	0	0	(2,241)
H. Total amount recorded in income statement and in comprehensive income statement (F+G)	(5,386)	0	0	(5,386)
I. Other changes	0	0	0	0
L. Cash movements				
1. Premiums paid net of amounts not connected with claims recovered from reinsurers	34,686	0	0	34,686
2. Amounts recovered from reinsurers	(32,298)	0	0	(32,298)
3. Total	2,387	0	0	2,387
M. Net carrying amount at 31 December (A.3+H+I+L.3)	42,069	0	0	42,069
N. Final carrying amount				
1. Reinsurance cessions that constitute assets	42,069	0	0	42,069
2. Reinsurance cessions that constitute liabilities	0	0	0	0
3. Net carrying amount at 31 December	42,069	0	0	42,069

Dynamic of the contractual service margin of reinsurance cessions broken down based upon the existing contracts at the time of the transition to IFRS 17

(in thousands of euro)

	2023					Total
	New contracts and contracts measured at the transition date with the full retroactive application method	Contracts measured at the transition date with the modified retroactive application method	Contracts measured at the transition date with the fair value method	Contracts subject to carve-out		
Contractual service margin - Initial balances	0	0	0	0	0	0
Changes referring to current services						
- Contractual service margin recorded in income statement to reflect services received	0	0	(11,461)	0		(11,461)
Changes referring to future services						
- Changes of estimates that modify the contractual service margin	0	0	35,891	0		35,891
- Effects of contracts initially registered in financial year of reference	0	0	0	0		0
Income/expenses of financial nature						
1. Relating to reinsurance cessions	0	0	0	0		0
2. Effects connected with exchange rate changes	0	0	0	0		0
3. Total	0	0	0	0	0	0
Total changes recorded in income statement and in comprehensive income statement	0	0	24,430	0	0	24,430
Contractual service margin - Final balances	0	0	24,430	0	0	24,430

It is noted that this annex was not produced for the 2022 financial year, as the data necessary to complete it were not available.



Elements underlying the measurement of reinsurance cessions written during the year

Items/Groups of contracts	2023 originated contracts			Contracts acquired in 2023 business aggregation operations			2023 contracts transferred from third parties		
	Contracts without loss recovery component	Contracts with loss recovery component	Total	Contracts without loss recovery component	Contracts with loss recovery component	Total	Contracts without loss recovery component	Contracts with loss recovery component	Total
A. Estimate of current value of future outgoing cash flows									
of which: Cash flows connected with the acquisition of insurance contracts	0	0	0	0	0	0	0	0	0
B. Estimate of current value of future incoming cash flows	0	0	0	0	0	0	0	0	0
C. Estimate of net current value of future cash flows (A-B)	0	0	0	0	0	0	0	0	0
D. Estimate of adjustment for non-financial risks	0	0	0	0	0	0	0	0	0
E. Accounting elimination of already registered cash flows			0			0			0
F. Contractual service margin	0	0	0	0	0	0	0	0	0
G. Increase of assets for reinsurance cessions recorded in the year by virtue of the registration of new contracts (C+D+E+F)	0	0	0	0	0	0	0	0	0

It is noted that this annex for the 2023 financial year states all balances at zero, as no reinsurance cessions written were carried out in the financial year. For the financial statements at 31 December 2022 it was not produced, as the data necessary

to complete it were not available.

4. INVESTMENTS

(in thousands of euro)

	31.12.2023	31/12/2022	Change
Investment property	875,434	910,659	(35,225)
Investments in associates and joint ventures	77,091	39,594	37,497
Financial assets measured at amortised cost	816,145	792,109	24,036
Financial assets measured at fair value through other comprehensive income	13,723,253	13,420,722	302,531
Financial assets measured at fair value through profit or loss	3,764,541	3,715,428	49,113
financial assets held for trading	4,118	17,490	(13,372)
financial assets designated at fair value	2,551,288	2,296,484	254,804
other financial assets mandatorily measured at fair value	1,209,135	1,401,454	(192,319)
Total	19,256,464	18,878,512	377,952

4.1 INVESTMENT PROPERTY

Investment property: composition of assets

(in thousands of euro)

	At cost		At fair value	
	2023	2022	2023	2022
1. Owned assets	872,327	908,112	0	0
a) land	310,875	331,840	0	0
b) buildings	561,452	576,272	0	0
2. Right-of-use assets with leases	3,107	2,547	0	0
a) land	0	0	0	0
b) buildings	3,107	2,547	0	0

The Land and Buildings stated under investment property are intended for rental to third parties.

These items are recorded at cost, in accordance with IAS 16, to which IAS 40 refers in the case of adoption of the cost model and the value of the building is depreciated on a straight-line basis according to its useful life.

A depreciation rate of between 1% and 3% was applied.

The value of Group real estate is tested regularly. In particular, insurance companies are required to comply with the provisions of the Supervisory Authority regarding determination of the market value of their investment property.

The carrying amount of investment property is € 578,849 thousand lower than the current value.

The movement on this item is set out in the table below:



Investment property: annual variations

(in thousands of euro)

	Land	Buildings	Leases	Total
A. Gross initial balances	331,840	725,680	4,743	1,062,263
A.1 Amortisation, depreciation and impairment provision		(149,408)	(2,196)	(151,604)
A.2 Net initial balances	331,840	576,272	2,547	910,659
B. Increases	107	27,200	1,712	29,019
B.1 Purchases	0	146	1,677	1,823
B.2 Expenses for capitalised improvements	0	24,963	0	24,963
B.3 Positive changes of fair value				0
B.4 Write-backs	0	38	0	38
B.5 Positive exchange differences	0	0	0	0
B.6 Transfers from own use properties	107	34	0	141
B.7 Other changes	0	2,019	35	2,054
C. Decreases	(21,072)	(42,020)	(1,152)	(64,244)
C.1 Sales	(2,305)	(1,497)	(36)	(3,838)
C.2 Amortisations and depreciation	0	(10,991)	(1,116)	(12,107)
C.3 Negative changes of fair value				0
C.4 Impairment value adjustments	0	(2,268)	0	(2,268)
C.5 Negative exchange differences	0	0	0	0
C.6 Transfers to	(18,767)	(27,264)	0	(46,031)
a) own use properties	(519)	(771)	0	(1,290)
b) non-current assets or of a disposal group HFS	(18,248)	(26,493)	0	(44,741)
C.7 Other changes	0	0	0	0
D. Net final inventories	310,875	561,452	3,107	875,434
D.1 Amortisation, depreciation and impairment provision		(152,421)	(3,276)	(155,697)
D.2 Gross final inventories	310,875	713,873	6,383	1,031,131
E. Measurement at fair value	X	X	X	0

4.2 EQUITY INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The following tables list the companies consolidated with the equity method and the dividends received.

Equity investments: information on participatory relationships

Company name	Country of operational headquarters (1)	Country of registered office	Activity (2)	Type of relationship (3)	% Direct interest	% Total interest (4)	Voting rights at ordinary meeting %
Joint venture							
CREDEMASSICURAZIONI S.p.A.		086	1	c	50.00	50.00	0
Associated companies							
INSALUTE SERVIZI S.p.A.		086	11	b	0	35.00	0
PHARMERCURE S.R.L.		086	11	b	37.32	37.32	0

Key:

- (1) This information should be provided only if the Country of the operational headquarters is different from the Country of the registered office
- (2) 1=Italian ins; 2=EU ins; 3=Third country ins; 4= insurance holding; 4.1. mixed financial holding companies; 5= EU reins; 6= Third country reins; 7= banks; 8= asset management companies; 9= various holding companies; 10= real estate; 11= other
- (3) a=subsidiaries (only for the individual financial statements); b= associates; c= joint ventures; indicate with an asterisk (*) the companies classified as owned for sale in conformity with IFRS 5 and include the key at the bottom of the schedule
- (4) The product of the shareholding ratio relating to all companies that, positioned throughout the participatory chain, are interposed between the company that prepares the consolidated financial statements and the company in question should be indicated. If the latter is directly owned by several subsidiaries it is necessary to add together the individual products
- (5) Availability of votes in the ordinary shareholders' meeting, distinguishing between effective votes and potential votes. The availability of votes should be indicated only if different from the share of investment.

Significant investments: carrying amount, fair value and dividends received

(in thousands of euro)

Company name	Type of relationship (1)	Carrying amount	Fair value	Dividends received
Joint venture				
CREDEMASSICURAZIONI S.p.A.	c	42,361	61,300	1,912
Associated companies				
INSALUTE SERVIZI S.p.A.	b	34,546	34,546	0
PHARMERCURE S.R.L.	b	183	79	0

Key:

A=subsidiaries (only for IAS/IFRS financial statements); b= associates; c= joint ventures

Significant investments: accounting information

Company name	Investments	Other Assets	Cash and cash equivalents	Insurance liabilities	Financial liabilities	Total revenues
Joint venture						
CREDEMASSICURAZIONI S.p.A.	166,425	20,168	2,567	95,790	0	58,449
Associated companies						
INSALUTE SERVIZI S.p.A.	0	30,270	X	0	9,614	15,196
PHARMERCURE S.R.L.	405	0	X	0	551	436

Key:

The X indicates that the information should not be provided



(in thousands of euro)

Company name	Adjustments and write-backs on tangible assets and on intangible assets	Profit (Loss) from current operations before tax	Profit (Loss) from current operations after tax	Profit (Loss) from discontinued operations after tax	Profit (Loss) for the year (1)	Other income components after tax (2)	Statement of comprehensive income (3) = (1) + (2)
Joint venture							
CREDEMASSICURAZIONI S.p.A.	1,557	17,209	12,054	0	12,054	0	12,054
Associated companies							
INSALUTE SERVIZI S.p.A.	X	535	30	0	30	0	30
PHARMERCURE S.R.L.	X	(956)	(728)	0	(728)	0	(728)

Key:

The X indicates that the information should not be provided

Significant investments: reconciliation of accounting values

(in thousands of euro)

Company name	2023				2022			
	Book value of the shareholding at the start of the year	Total comprehensive income of the Group (+/-)	Dividends received in the year (-)	Book value of the shareholding at the end of the year	Book value of the shareholding at the start of the year	Total comprehensive income of the Group (+/-)	Dividends received in the year (-)	Book value of the shareholding at the end of the year
Joint venture								
CREDEMASSICURAZIONI S.p.A.	39,594	2,768	(1,912)	42,361	35,244	4,349	0	39,594
Associated companies								
INSALUTE SERVIZI S.p.A.	0	30	0	34,546	0	0	0	0
PHARMERCURE S.R.L.	0	(728)	0	183	0	0	0	0

Non-significant investments: accounting information

(in thousands of euro)

Company name	Carrying amount of the equity investments	Profit (Loss) from current operations after tax	Profit (Loss) from discontinued operations after tax	Profit (Loss) for the year (1)	Other income components after tax (2)	Statement of comprehensive income (3)=(1) + (2)
Joint venture						
2023	42,361	12,054	0	12,054	0	12,054
2022	39,594	7,700	0	7,700	0	7,700
Associated companies						
2023	34,729	(698)	0	(698)	0	(698)
2022	0	0	0	0	0	0

4.3 FINANCIAL ASSETS MEASURED AT AMORTISED COST

The financial assets at amortised cost amounted to € 816,145 thousand and the table below shows details of the carrying amount and of the fair value hierarchy by product composition.

Financial assets measured at amortised cost: product composition, percentage composition and fair value hierarchy

(in thousands of euro)

	2023					
	Carrying amount	% Composition	L1	L2	L3	Fair value total
1) Debt securities	33,253	4.07%	33,029	0	0	33,029
Government bonds	33,253	4.07%	X	X	X	0
<i>a) listed</i>	33,253	4.07%	X	X	X	X
<i>b) unlisted</i>	0	0.00%	X	X	X	X
Other debt securities	0	0.00%	X	X	X	X
<i>a) listed</i>	0	0.00%	X	X	X	X
<i>b) unlisted</i>	0	0.00%	X	X	X	X
2) Loans and receivables	782,892	95.93%	0	0	782,892	782,892
Total	816,145	100.00%	33,029	0	782,892	815,921

(in thousands of euro)

	2022					
	Carrying amount	% Composition	L1	L2	L3	Fair value total
1) Debt securities	32,939	4.16%	31,751	0	0	31,751
Government bonds	32,939	4.16%	X	X	X	0
<i>a) listed</i>	32,939	4.16%	X	X	X	X
<i>b) unlisted</i>	0	0.00%	X	X	X	X
Other debt securities	0	0.00%	X	X	X	X
<i>a) listed</i>	0	0.00%	X	X	X	X
<i>b) unlisted</i>	0	0.00%	X	X	X	X
2) Loans and receivables	759,170	95.84%	0	0	759,170	759,170
Total	792,109	100.00%	31,751	0	759,170	790,921



The table below indicates details of the financial assets measured at amortised cost by nature and stage of credit risk.

Financial assets measured at amortised cost: product composition and stage of credit risk

(in thousands of euro)

	2023 carrying amount				2022 carrying amount			
	First stage	Second stage	Third stage	Acquired or originated impaired	First stage	Second stage	Third stage	Acquired or originated impaired
Government bonds	33,253	0	0	0	32,939	0	0	0
Other debt securities	0	0	0	0	0	0	0	0
Loans and receivables:	724,156	46,970	11,766	0	705,213	43,773	10,184	0
a) from banks	0	0	0	0	0	0	0	0
b) from customers	724,156	46,970	11,766	0	705,213	43,773	10,184	0
- mortgage loans	332,041	13,517	1,058	0	304,109	15,207	831	0
- loans on policies	0	0	0	0	0	0	0	0
- other loans and receivables	392,115	33,453	10,708	0	401,104	28,566	9,353	0
Total	757,409	46,970	11,766	0	738,152	43,773	10,184	0

Financial assets measured at amortised cost: gross value and total value re-adjustments

(in thousands of euro)

	Gross value				Total value re-adjustments					
	First stage	Of which assets with low credit risk	Second stage	Third stage	First stage	Of which assets with low credit risk	Second stage	Third stage	TOTAL 2023	TOTAL 2022
Government bonds	33,268	0	0	0	(16)	0	0	0	33,252	32,939
Other debt securities	0	0	0	0	0	0	0	0	0	0
Loans and receivables	730,485	0	49,204	24,372	(6,328)	0	(2,235)	(12,607)	782,891	759,170
- From banks	0	0	0	0	0	0	0	0	0	0
- From customers	730,485	0	49,204	24,372	(6,328)	0	(2,235)	(12,607)	782,891	759,170
Total 2023	763,753	0	49,204	24,372	(6,344)	0	(2,235)	(12,607)	816,143	792,109
Total 2022	744,515	0	45,513	19,996	(6,362)	0	(1,740)	(9,813)	792,109	

4.4 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The financial assets measured at fair value through other comprehensive income amounted to € 13,723,253 thousand.

The table below sets out details of the carrying amount by product composition.

Financial assets measured at fair value through other comprehensive income: product composition and percentage composition

(in thousands of euro)

Financial assets measured at fair value through other comprehensive income				
	2023	% Composition	2022	% Composition
Capital securities	139,882	1.02%	131,518	0.98%
<i>a) listed</i>	20,916	0.15%	17,970	0.13%
<i>b) unlisted</i>	118,966	0.87%	113,548	0.85%
Debt securities	13,583,371	98.98%	13,289,204	99.02%
Government bonds	9,240,791	67.34%	9,241,459	68.86%
<i>a) listed</i>	9,240,791	67.34%	9,241,459	68.86%
<i>b) unlisted</i>	0	0.00%	0	0.00%
Other debt securities	4,342,580	31.64%	4,047,745	30.16%
<i>a) listed</i>	4,221,818	30.76%	4,034,877	30.06%
<i>b) unlisted</i>	120,762	0.88%	12,868	0.10%
Other financial instruments	0	0.00%	0	0.00%
Total	13,723,253	100.00%	13,420,722	100.00%

The category mainly includes debt securities, corresponding to almost all the total amount recorded in the accounting category.

The equity securities designated at fair value through other comprehensive income without recycling to the income statement amounted to € 139,882 thousand and generated dividends in the income statement of € 4,526 thousand.

It is noted that during the year equity securities were alienated for an equivalent value of € 10 thousand at a sale price aligned to the fair value recorded in the financial statements.

The table below indicates details of the financial assets measured through other comprehensive income by nature and stage of credit risk.



Financial assets measured at fair value through other comprehensive income: gross value and total value re-adjustments

(in thousands of euro)

	Gross value				Total value re-adjustments				TOTAL 2023	TOTAL 2022
	First stage	Of which assets with low credit risk	Second stage	Third stage	First stage	Of which assets with low credit risk	Second stage	Third stage		
Government bonds	9,240,791	0	0	0	(1,420)	0	0	0	9,239,371	9,108,378
Other debt securities	4,330,951	0	10,375	1,254	(2,668)	0	(915)	0	4,338,997	4,176,731
Other financial instruments	0	0	0	0	0	0	0	0	0	0
Total 2023	13,571,742	0	10,375	1,254	(4,088)	0	(915)	0	13,578,368	13,285,109
Total 2022	13,281,682	0	7,522	0	(3,246)	0	(849)	0	13,285,109	

After the date of 31/12/2023 there was a significant and prolonged depreciation in the market value of the bond FR0013378452 – ATOS accompanied by financial difficulties for the issuer; consequently, the security was disposed of and, with reference to the 2023 financial year, it was decided to transfer the bond from Stage 1 to Stage 3, generating an impairment loss of approximately € 1,776 thousand.

4.5 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS

The financial assets measured at fair value through profit and loss amounted to € 3,764,541 thousand; the table below shows details by product composition.

Financial assets measured at fair value through profit and loss: product composition and percentage composition

(in thousands of euro)

Financial assets measured at fair value through profit or loss												
	Financial assets held for trading				Financial assets designated at fair value				Other financial assets mandatorily measured at fair value			
	2023	Comp. %	2022	Comp. %	2023	Comp. %	2022	Comp. %	2023	Comp. %	2022	Comp. %
Capital securities	0	0.00%	0	0.00%	339,758	13.32%	300,381	13.08%	272	0.02%	76,805	5.48%
a) listed	0	0.00%	0	0.00%	339,758	13.32%	300,381	13.08%	116	0.01%	76,649	5.47%
b) unlisted	0	0.00%	0	0.00%	0	0.00%	0	0.00%	156	0.01%	156	0.01%
Treasury stock	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Own financial liabilities	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Debt securities	0	0.00%	0	0.00%	657,947	25.79%	562,044	24.47%	252,984	20.92%	236,043	16.84%
a) listed	0	0.00%	0	0.00%	657,947	25.79%	562,044	24.47%	252,984	20.92%	236,043	16.84%
b) unlisted	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Shares in UCIs	0	0.00%	12,940	73.99%	1,561,576	61.21%	1,433,352	62.42%	843,176	69.73%	972,774	69.41%
Non-hedge derivatives	967	23.48%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Hedge derivatives	3,151	76.52%	4,550	26.01%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Other financial instruments	0	0.00%	0	0.00%	(7,993)	-0.31%	707	0.03%	112,703	9.32%	115,832	8.27%
Total	4,118	100.00%	17,490	100.00%	2,551,288	100.00%	2,296,484	100.00%	1,209,135	100.00%	1,401,454	100.00%

It is noted that the financial assets to cover technical reserves, whose investment risk is borne by the policyholders and derives from the management of pension funds, are included in the item "Financial assets designated at fair value".

5. OTHER FINANCIAL ASSETS

The other financial assets amounted to € 920,125 thousand (€ 934,463 thousand at the end of the previous year) and include receivables deriving from direct insurance operations of € 308,794 thousand, receivables from the tax authorities of € 469,067 thousand and other receivables of € 142,264 thousand. The receivables from the tax authorities, in particular, include receivables other than those for income taxes for the year.

6. OTHER ASSETS

The other financial assets amounted to € 920,125 thousand (€934,463 thousand at the end of the previous year) and include receivables from direct insurance operations of € 308,794 thousand, receivables from the tax authorities of € 469,067 thousand and other receivables of € 142,264 thousand. The receivables from the tax authorities, in particular, include receivables other than those for income taxes for the year.



(in thousands of euro)

	31.12.2023	31/12/2022	Change
Non-current assets or of a disposal group HFS	47,771	15,138	32,633
Current tax assets	74,858	62,576	12,282
Deferred tax assets	551,016	783,824	(232,808)
Other asset items	443,742	281,899	161,843
Total	1,117,387	1,143,437	(26,050)

6.1 NON-CURRENT ASSETS OR OF A DISPOSAL GROUP HELD FOR SALE

The item amounted to € 47,771 thousand and mainly relates to the subsidiary Reale Immobili's contribution of an additional real estate package to the Fondo Monviso, which is planned for 2024.

6.2 CURRENT TAX ASSETS AND DEFERRED TAX ASSETS

The item amounted to € 625,874 thousand, against a balance of € 846,400 thousand in December 2022.

Deferred tax assets of € 551,016 thousand are calculated on the total amount of the temporary differences between the carrying amount of assets and liabilities and their tax base in accordance with IAS 12 to the extent that their future recovery is probable.

Current tax assets of € 74,858 thousand reflect receivables from the tax authorities for withholdings and receivables for income taxes. In accordance with ISVAP Regulation No. 7, they also include amounts deriving from recognition of taxes on the provision for policy liabilities pursuant to article 1(2) of Legislative Decree No. 209/02 as converted by Law No. 265/2002 as amended.

6.3 OTHER ASSETS

The other assets also include acquisitions of tax receivables introduced by Decree-Laws no.18/2020 (so-called "Cure Italy Decree") and no. 34/2020 (so-called "Relaunch Decree") and they amounted to € 382,077 thousand. They are measured at amortised cost and in the course of the year they produced ordinary income of € 14,727 thousand.

7. CASH AT BANK AND IN HAND AND CASH EQUIVALENTS

The item amounted to € 319,381 thousand compared with € 190,696 thousand at 31 December 2022. It includes Group bank current accounts and short-term deposits. The carrying amount of such assets is aligned with their fair value.

1. SHAREHOLDERS' EQUITY

Group interest in shareholders' equity amounted to € 3,365,401 thousand, while minority interest amounted to € 1,233 thousand for a total of € 3,366,634 thousand.

(in thousands of euro)

	31.12.2023	31.12.2022	Change
Capital	60,000	60,000	0
Other equity instruments	0	0	0
Capital reserves	0	0	0
Retained earnings and other equity reserves	3,233,661	3,117,403	116,258
Treasury stock	0	0	0
Valuation reserves	(85,183)	(128,099)	42,916
Parent Company interest in net profit (loss) for the year (+/-)	156,923	123,514	33,409
Group interest in Shareholders' Equity	3,365,401	3,172,818	192,583
Minority interest in shareholders' equity (+/-)	1,238	1,020	218
Minority interest in net profit (loss) for the year (+/-)	(5)	38	(43)
Total shareholders' equity	3,366,634	3,173,876	192,758

The breakdown of Valuation Reserves is as follows:

(in thousands of euro)

	31.12.2023	31.12.2022	Change
Profits/losses on financial assets measured at fair value through other comprehensive income	(797,790)	(1,339,905)	542,115
Reserve for net exchange differences	(31,891)	(23,682)	(8,209)
Income or expenses of financial nature relating to insurance and reinsurance contracts	767,397	1,255,322	(487,925)
Actuarial profits/losses relating to defined benefit plans	(22,899)	(19,834)	(3,065)
Total	(85,183)	(128,099)	42,916

Profits/losses on financial assets measured at fair value through other comprehensive income amounted to € -797,790 thousand (€ -1,339,905 thousand at 31 December 2022). The change is influenced by the positive trend of the financial markets recorded during 2023. The positive effect on shareholders' equity was, however, offset by the change of financial income/expenses relating to insurance contracts written and reinsurance cessions recorded in the shareholders' equity which amounted to € 767,397 thousand (€ 1,255,322 thousand at the end of the previous year). The Reserve for net exchange differences item, which shows a negative balance of € 31,891 thousand, refers to the Chilean subsidiaries, Reale Group Latam, Reale Group Chile and Reale Chile Seguros, whose financial statements at 31.12.2021 have been translated into euros, the functional currency of Reale Group.

Finally, it is noted that the actuarial losses relating to obligations deriving from defined benefit plans for employees amounted to € -22,899 thousand (€ -19,834 thousand at 31 December 2022).

With regard to disclosure of the information required by IAS 1.124A, the Parent pursues objectives, policies and capital management processes strictly tied to its mutual insurance business. By virtue of this legal standing, capital management is directed towards maximising the financial solidity of the Group in time in accordance with commitments assumed towards members-insureds.

With the entry into force of Solvency II, as from 1 January 2016, Reale Group must calculate its solvency capital requirement (SCR) and eligible own funds as at the end of the financial year, in order to meet the new European requirements.



Company: SOCIETÀ REALE MUTUA DI ASS.NI

BREAKDOWN OF OTHER COMPONENTS OF THE STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euro)

	2023 FINANCIAL YEAR	2022 FINANCIAL YEAR
2.1 Share of valuation reserves of investments measured at equity	0	0
2.2 Change in the intangible assets valuation reserve	0	0
2.3 Change in the tangible assets valuation reserve	0	0
2.4 Income or expenses of financial nature relating to insurance contracts written	0	0
2.5 Income or expenses relating to non-current assets or of a disposal group held for sale	0	0
2.6 Actuarial profits and losses and adjustments relating to defined benefit plans	(4,006)	6,217
2.7 Income or expenses on capital securities designated at fair value with impact on total profitability	3,201	1,996
a) fair value change	3,198	1,996
b) transfers to other shareholders' equity components	3	0
2.8 Change of credit rating on financial liabilities designated at fair value with impact on income statement	0	0
a) fair value change	0	0
b) transfers to other shareholders' equity components	0	0
2.9 Other changes	0	0
a) fair value change (hedged instrument)	0	0
b) fair value change (hedging instrument)	0	0
c) other fair value changes	0	0
2.10 Income taxes relating to other income components without income statement classification	76	(2,126)
3 Other income items net of taxes with reclassification in the income statement	43,645	(84,059)
3.1 Change in the reserve for net exchange differences	(8,223)	5,596
a) value changes	(8,223)	5,596
b) reclassification to income statement	0	0
c) other changes	0	0
3.2 Income or expenses on financial assets (other than capital securities) measured at fair value with impact on total profitability	772,771	(2,914,516)
a) fair value changes	747,465	(2,821,421)
b) reclassification to income statement	25,306	(93,095)
- credit risk adjustments	1,182	1,634
- profits/losses from realisation	24,124	(94,729)
3.3 Profits or losses on cash flow hedges	0	0
a) fair value changes	0	0
b) reclassification to income statement	0	0
c) other changes	0	0
3.4 Profits or losses on hedges of net investments in foreign entities	0	0
a) fair value changes	0	0
b) reclassification to income statement	0	0
c) other changes	0	0
3.5 Share of valuation reserves of investments measured at equity	(452)	1,775
a) fair value changes	(452)	1,775

cont >>

>> cont

(in thousands of euro)

	2023 FINANCIAL YEAR	2022 FINANCIAL YEAR
- profits/losses from realisation	0	0
c) other changes	0	0
3.6 Income or expenses of financial nature relating to insurance contracts written	(723,259)	2,815,772
a) fair value changes	(723,259)	2,815,772
b) reclassification to income statement	0	0
c) other changes	0	0
3.7 Income or expenses of financial nature relating to reinsurance cessions	20,150	(24,080)
a) fair value changes	20,150	(24,080)
b) reclassification to income statement	0	0
c) other changes	0	0
3.8 Income or expenses relating to non-current assets or of a disposal group held for sale	0	0
a) fair value changes	0	0
b) reclassification to income statement	0	0
c) other changes	0	0
3.9 Other elements	0	0
a) fair value changes	0	0
b) reclassification to income statement	0	0
c) other changes	0	0
3.10 Income taxes relating to other income components with income statement classification	(17,342)	31,394
4 TOTAL OTHER COMPREHENSIVE INCOME	42,916	(77,972)
5 TOTAL CONSOLIDATED COMPREHENSIVE INCOME	199,834	45,580
5.1 of which: Parent Company interest	199,839	45,546
5.2 of which: minority interest	(5)	34

RECONCILIATION BETWEEN THE STATUTORY FINANCIAL STATEMENTS OF THE PARENT COMPANY AND THE IAS/IFRS CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of euro)

	31.12.2023		31.12.2022	
	SE without result of the period	Result of the period	SE without result of the period	Result of the period
Parent Company's financial statements according to Italian accounting standards	2,427,758	12,420	2,413,521	5,952
Adjustments to the Parent Company's financial statements to apply IAS-IFRS standards	321,922	48,723	262,086	117,040
Parent Company's financial statements according to IAS-IFRS standards	2,749,680	61,143	2,675,607	122,992
Result of the period of other consolidated Companies	0	163,521	0	99,423
Dividends	66,322	(66,322)	98,516	(98,516)
Elimination of equity investments and other consolidation adjustments	431,571	(1,419)	342,002	(385)
Reserve for exchange differences	(31,891)	0	(23,682)	0
Profits or losses on financial assets (other than equity securities) measured at FV through other comprehensive income	(438,978)	0	(732,098)	0
Income or expenses of financial nature relating to insurance contracts written and reinsurance cessions	422,503	0	680,991	0
Other profits or losses recorded directly in SE	9,271	0	7,968	0
Capital and reserves of interest to the Group	3,208,478	156,923	3,049,304	123,514



2. PROVISIONS FOR RISKS AND CHARGES

(in thousands of euro)

	31.12.2023	31/12/2022	Change
Provisions for taxes	17,118	18,089	(971)
Other provisions:	68,665	76,470	(7,805)
Non-fiscal litigation	8,946	8,571	375
Personnel expenses	25,225	31,303	(6,078)
Non-recoverable refunds from agents	20,122	20,350	(228)
Other charges	14,372	16,246	(1,874)
Total	85,783	94,559	(8,776)

Provisions refer to liabilities as the consequence of past events, the occurrence of which is likely and the amount of which can be reliably estimated.

The movement on other provisions during the year is set out below:

(in thousands of euro)

	Non-fiscal litigation	Personnel expenses	Non-rec. funds from agents	Other expenses	Total
Initial balance	8,571	31,303	20,350	16,246	76,470
Provisions	341	16,507	408	6,219	23,475
Utilisations	(966)	(22,593)	(636)	(8,093)	(32,288)
Increases deriving from business combinations	0	0	0	0	0
Other changes	1,000	8	0	0	1,008
Final balance	8,946	25,225	20,122	14,372	68,665

As regards the provisions made, none were discounted except for the provision referring to non-recoverable refunds, which was calculated on the basis of the discounted estimate of the economic effects deriving from future payments of agent severance allowances.

3. INSURANCE LIABILITIES

This section provides information on the insurance liabilities relating to insurance contracts and investment contracts with discretionary participation features written, as defined and regulated by IFRS 17.

The following table contains information on insurance contracts, which constitute assets or liabilities depending on the level of the closing balance.

(in thousands of euro)

Aggregation items/ bases	31.12.2023				31/12/2022			
	BBA	PAA	VFA	Total	BBA	PAA	VFA	Total
1. Insurance contracts written that constitute assets	0	34	108	142	0	34	0	34
2. Insurance contracts written that constitute liabilities	(1,107,597)	(3,353,688)	(12,849,261)	(17,310,546)	(796,988)	(3,089,090)	(12,627,162)	(16,513,240)
3. Financial statements net liabilities	(1,107,597)	(3,353,654)	(12,849,153)	(17,310,404)	(796,988)	(3,089,056)	(12,627,162)	(16,513,206)
of which Non-Life business:	(877,369)	(3,338,269)		(4,215,638)	(603,630)	(3,074,337)		(3,677,967)
<i>Insurance contracts written without elements of direct interest - Motor</i>	0	(1,750,675)		(1,750,675)	0	(1,653,344)		(1,653,344)
<i>Insurance contracts written without elements of direct interest - Non-Motor</i>	(877,369)	(1,587,594)		(2,464,963)	(603,630)	(1,420,993)		(2,024,623)
of which Life business:	(230,228)	(15,385)	(12,849,153)	(13,094,766)	(193,358)	(14,719)	(12,627,162)	(12,835,239)
<i>Insurance contracts written with elements of direct interest</i>	0	(551)	(11,332,795)	(11,333,346)	0	(551)	(11,321,981)	(11,322,532)
<i>Insurance contracts written without elements of direct interest</i>	(230,228)	(14,834)	(1,516,358)	(1,761,420)	(193,358)	(14,168)	(1,305,181)	(1,512,707)



Non-life business

Dynamic of the carrying amount of insurance contracts written - GMM - liabilities for residual cover and for claims occurring

(in thousands of euro)

	Liabilities for 2023 residual cover		Liabilities for 2023 claims occurring	Total 2023
	Net of the loss	Loss		
A. Initial carrying amount				
1. Insurance contracts written that constitute liabilities	89,899	488	513,243	603,630
2. Insurance contracts written that constitute assets	0	0	0	0
3. Net carrying amount at 1 January	89,899	488	513,243	603,630
B. Insurance income	(340,450)	0	0	(340,450)
C. Expenses for insurance services				
1. Claims occurring and other directly attributable expenses	0	0	386,673	386,673
2. Changes of liabilities for claims occurring	0	(29)	129,453	129,423
3. Losses and related recoveries on onerous contracts	0	23,061	0	23,061
4. Amortisation of contract acquisition expenses	35,042	0	0	35,042
5. Total	35,042	23,032	516,125	574,199
D. Insurance services result (B+C)	(305,408)	23,032	516,125	233,749
E. Net expenses/income of financial nature				
1. Relating to insurance contracts written	9,109	0	7,922	17,031
1.1 Recorded in income statement	856	0	(623)	233
1.2 Recorded in comprehensive income statement	8,253	0	8,545	16,798
2. Effects connected with exchange rate changes	0	0	0	0
3. Total	9,109	0	7,922	17,031
F. Investment components	0	0	0	0
G. Total amount recorded in income statement and in comprehensive income statement (D+E+F)	(296,300)	23,032	524,048	250,780
H. Other changes	0	0	0	0
I. Cash movements				
1. Premiums received	428,886	0	0	428,886
2. Payments connected with contract acquisition expenses	(47,286)	0	0	(47,286)
3. Claims paid and other cash outflows	0	1,450	(360,090)	(358,641)
4. Total	381,599	1,450	(360,090)	22,959
L. Net carrying amount at 31 December (A.3+G+H+I.4)	175,198	24,969	677,201	877,369
M. Final carrying amount				
1. Insurance contracts written that constitute liabilities	175,198	24,969	677,201	877,369
2. Insurance contracts written that constitute assets	0	0	0	0
3. Net carrying amount at 31 December	175,198	24,969	677,201	877,369

(in thousands of euro)

	Liabilities for 2022 residual cover		Liabilities for 2022 claims occurring	Total 2022
	Net of the loss	Loss		
A. Initial carrying amount				
1. Insurance contracts written that constitute liabilities	137,287	0	346,800	484,086
2. Insurance contracts written that constitute assets	0	0	0	0
3. Net carrying amount at 1 January	137,287	0	346,800	484,086
B. Insurance income	(299,905)	0	0	(299,905)
C. Expenses for insurance services				
1. Claims occurring and other directly attributable expenses	0	0	264,336	264,336
2. Changes of liabilities for claims occurring	0	0	103,649	103,649
3. Losses and related recoveries on onerous contracts	0	489	0	489
4. Amortisation of contract acquisition expenses	32,715	0	(165)	32,550
5. Total	32,715	489	367,820	401,024
D. Insurance services result (B+C)	(267,190)	489	367,820	101,119
E. Net expenses/income of financial nature				
1. Relating to insurance contracts written	(18,399)	0	(43,292)	(61,691)
1.1 Recorded in income statement	(933)	0	(1,528)	(2,461)
1.2 Recorded in comprehensive income statement	(17,466)	0	(41,764)	(59,230)
2. Effects connected with exchange rate changes	0	0	0	0
3. Total	(18,399)	0	(43,292)	(61,691)
F. Investment components	0	0	0	0
G. Total amount recorded in income statement and in comprehensive income statement (D+E+F)	(285,589)	489	324,527	39,427
H. Other changes	0	0	0	0
I. Cash movements				
1. Premiums received	275,312	0	0	275,312
2. Payments connected with contract acquisition expenses	(37,110)	(1)	0	(37,111)
3. Claims paid and other cash outflows	0	0	(158,083)	(158,083)
4. Total	238,202	(1)	(158,083)	80,117
L. Net carrying amount at 31 December (A.3+G+H+I.4)	89,899	488	513,243	603,630
M. Final carrying amount				
1. Insurance contracts written that constitute liabilities	89,899	488	513,243	603,630
2. Insurance contracts written that constitute assets	0	0	0	0
3. Net carrying amount at 31 December	89,899	488	513,243	603,630



Dynamic of the carrying amount of insurance contracts written - PAA - liabilities for residual cover and for claims occurring - Non-Motor aggregation base

(in thousands of euro)

Items/Liabilities	Liabilities for 2023 residual cover		Liabilities for 2023 claims occurring		2023 total
	Net of the loss	Loss	Current value of cash flows	Adjustment for non-financial risks	
A. Initial carrying amount					
1. Insurance contracts written that constitute liabilities	387,322	2,527	993,680	37,465	1,420,993
2. Insurance contracts written that constitute assets	0	0	0	0	0
3. Net carrying amount at 1 January	387,322	2,527	993,680	37,465	1,420,993
B. Insurance income	(1,680,675)	0	0	0	(1,680,675)
C. Expenses for insurance services					
1. Claims occurring and other directly attributable expenses	0	0	1,220,803	0	1,220,803
2. Changes of liabilities for claims occurring	0	0	134,258	9,580	143,838
3. Losses and related recoveries on onerous contracts	0	(2,058)	0	0	(2,058)
4. Amortisation of contract acquisition expenses	372,516	0	0	0	372,516
5. Total	372,516	(2,058)	1,355,061	9,580	1,735,099
D. Insurance services result (B+C)	(1,308,159)	(2,058)	1,355,061	9,580	54,424
E. Net expenses/income of financial nature					
1. Relating to insurance contracts written	(2)	0	45,823	0	45,821
1.1 Recorded in income statement	(2)	0	448	0	447
1.2 Recorded in comprehensive income statement	0	0	45,375	0	45,375
2. Effects connected with exchange rate changes	0	0	0	0	0
3. Total	(2)	0	45,823	0	45,821
F. Investment components	0	0	0	0	0
G. Total amount recorded in income statement and in comprehensive income statement (D+E+F)	(1,308,160)	(2,058)	1,400,884	9,580	100,245
H. Other changes	0	0	0	0	0
I. Cash movements					
1. Premiums received	1,444,368	0	0	0	1,444,368
2. Payments connected with contract acquisition expenses	(168,387)	0	0	0	(168,387)
3. Claims paid and other cash outflows	0	0	(1,209,625)	0	(1,209,625)
4. Total	1,275,981	0	(1,209,625)	0	66,356
L. Net carrying amount at 31 December (A.3+G+H+I.4)	355,143	469	1,184,938	47,045	1,587,595
M. Final carrying amount					
1. Insurance contracts written that constitute liabilities	355,143	469	1,184,938	47,045	1,587,595
2. Insurance contracts written that constitute assets	0	0	0	0	0
3. Net carrying amount at 31 December	355,143	469	1,184,938	47,045	1,587,595

(in thousands of euro)

Items/Liabilities	Liabilities for 2022 residual cover		Liabilities for 2022 claims occurring		2022 total
	Net of the loss	Loss	Current value of cash flows	Adjustment for non-financial risks	
A. Initial carrying amount					
1. Insurance contracts written that constitute liabilities	378,848	23,842	1,226,982	42,387	1,672,059
2. Insurance contracts written that constitute assets	0	0	0	0	0
3. Net carrying amount at 1 January	378,848	23,842	1,226,982	42,387	1,672,059
B. Insurance income	(1,671,119)	0	0	0	(1,671,119)
C. Expenses for insurance services					
1. Claims occurring and other directly attributable expenses	0	0	1,081,965	0	1,081,965
2. Changes of liabilities for claims occurring	0	0	(33,018)	(4,922)	(37,940)
3. Losses and related recoveries on onerous contracts	0	(21,315)	0	0	(21,315)
4. Amortisation of contract acquisition expenses	383,390	0	0	0	383,390
5. Total	383,390	(21,315)	1,048,948	(4,922)	1,406,100
D. Insurance services result (B+C)	(1,287,729)	(21,315)	1,048,948	(4,922)	(265,019)
E. Net expenses/income of financial nature					
1. Relating to insurance contracts written	0	0	(102,421)	0	(102,421)
1.1 Recorded in income statement	0	0	(1,181)	0	(1,181)
1.2 Recorded in comprehensive income statement	0	0	(101,240)	0	(101,240)
2. Effects connected with exchange rate changes	0	0	0	0	0
3. Total	0	0	(102,421)	0	(102,421)
F. Investment components	0	0	0	0	0
G. Total amount recorded in income statement and in comprehensive income statement (D+E+F)	(1,287,729)	(21,315)	946,526	(4,922)	(367,440)
H. Other changes	0	0	0	0	0
I. Cash movements					
1. Premiums received	1,471,358	0	0	0	1,471,358
2. Payments connected with contract acquisition expenses	(175,155)	0	0	0	(175,155)
3. Claims paid and other cash outflows	0	0	(1,179,829)	0	(1,179,829)
4. Total	1,296,203	0	(1,179,829)	0	116,375
L. Net carrying amount at 31 December (A.3+G+H+I.4)	387,322	2,527	993,680	37,465	1,420,993
M. Final carrying amount					
1. Insurance contracts written that constitute liabilities	387,322	2,527	993,680	37,465	1,420,993
2. Insurance contracts written that constitute assets	0	0	0	0	0
3. Net carrying amount at 31 December	387,322	2,527	993,680	37,465	1,420,993



Dynamic of the carrying amount of insurance contracts written - PAA - liabilities for residual cover and for claims occurring - Motor aggregation base

(in thousands of euro)

Items/Liabilities	Liabilities for 2023 residual cover		Liabilities for 2023 claims occurring		2023 total
	Net of the loss	Loss	Current value of cash flows	Adjustment for non-financial risks	
A. Initial carrying amount					
1. Insurance contracts written that constitute liabilities	433,480	9,418	1,189,773	20,707	1,653,378
2. Insurance contracts written that constitute assets	(34)	0	0	0	(34)
3. Net carrying amount at 1 January	433,447	9,418	1,189,773	20,707	1,653,344
B. Insurance income	(1,688,361)	0	0	0	(1,688,361)
C. Expenses for insurance services					
1. Claims occurring and other directly attributable expenses	0	0	1,247,117	0	1,247,117
2. Changes of liabilities for claims occurring	0	0	40,450	3,410	43,860
3. Losses and related recoveries on onerous contracts	0	(4,172)	0	0	(4,172)
4. Amortisation of contract acquisition expenses	308,230	0	0	0	308,230
5. Total	308,230	(4,172)	1,287,568	3,410	1,595,035
D. Insurance services result (B+C)	(1,380,131)	(4,172)	1,287,568	3,410	(93,326)
E. Net expenses/income of financial nature					
1. Relating to insurance contracts written	0	0	43,619	0	43,619
1.1 Recorded in income statement	0	0	282	0	282
1.2 Recorded in comprehensive income statement	0	0	43,337	0	43,337
2. Effects connected with exchange rate changes	0	0	0	0	0
3. Total	0	0	43,619	0	43,619
F. Investment components	0	0	0	0	0
G. Total amount recorded in income statement and in comprehensive income statement (D+E+F)	(1,380,131)	(4,172)	1,331,187	3,410	(49,707)
H. Other changes	0	0	0	0	0
I. Cash movements					
1. Premiums received	1,554,639	0	0	0	1,554,639
2. Payments connected with contract acquisition expenses	(126,342)	0	0	0	(126,342)
3. Claims paid and other cash outflows	0	0	(1,281,259)	0	(1,281,259)
4. Total	1,428,297	0	(1,281,259)	0	147,038
L. Net carrying amount at 31 December (A.3+G+H+I.4)	481,613	5,246	1,239,701	24,116	1,750,675
M. Final carrying amount					
1. Insurance contracts written that constitute liabilities	481,646	5,246	1,239,701	24,116	1,750,709
2. Insurance contracts written that constitute assets	(34)	0	0	0	(34)
3. Net carrying amount at 31 December	481,613	5,246	1,239,701	24,116	1,750,675

(in thousands of euro)

Items/Liabilities	Liabilities for 2022 residual cover		Liabilities for 2022 claims occurring		2022 total
	Net of the loss	Loss	Current value of cash flows	Adjustment for non-financial risks	
A. Initial carrying amount					
1. Insurance contracts written that constitute liabilities	438,019	10,269	1,214,219	21,531	1,684,037
2. Insurance contracts written that constitute assets	0	0	0	0	0
3. Net carrying amount at 1 January	438,019	10,269	1,214,219	21,531	1,684,037
B. Insurance income	(1,596,778)	0	0	0	(1,596,778)
C. Expenses for insurance services					
1. Claims occurring and other directly attributable expenses	0	0	1,163,154	0	1,163,154
2. Changes of liabilities for claims occurring	0	0	63,007	(824)	62,182
3. Losses and related recoveries on onerous contracts	0	(851)	0	0	(851)
4. Amortisation of contract acquisition expenses	298,353	0	0	0	298,353
5. Total	298,353	(851)	1,226,161	(824)	1,522,839
D. Insurance services result (B+C)	(1,298,425)	(851)	1,226,161	(824)	(73,939)
E. Net expenses/income of financial nature					
1. Relating to insurance contracts written	0	0	(86,100)	0	(86,100)
1.1 Recorded in income statement	0	0	(544)	0	(544)
1.2 Recorded in comprehensive income statement	0	0	(85,556)	0	(85,556)
2. Effects connected with exchange rate changes	0	0	0	0	0
3. Total	0	0	(86,100)	0	(86,100)
F. Investment components	0	0	0	0	0
G. Total amount recorded in income statement and in comprehensive income statement (D+E+F)	(1,298,425)	(851)	1,140,061	(824)	(160,039)
H. Other changes	0	0	0	0	0
I. Cash movements					
1. Premiums received	1,411,317	0	0	0	1,411,317
2. Payments connected with contract acquisition expenses	(117,464)	0	0	0	(117,464)
3. Claims paid and other cash outflows	0	0	(1,164,506)	0	(1,164,506)
4. Total	1,293,853	0	(1,164,506)	0	129,346
L. Net carrying amount at 31 December (A.3+G+H+I.4)	433,447	9,418	1,189,773	20,707	1,653,344
M. Final carrying amount					
1. Insurance contracts written that constitute liabilities	433,480	9,418	1,189,773	20,707	1,653,378
2. Insurance contracts written that constitute assets	(34)	0	0	0	(34)
3. Net carrying amount at 31 December	433,447	9,418	1,189,773	20,707	1,653,344



Dynamic of the carrying amount of insurance contracts written broken down by elements underlying the measurement - Non-Motor aggregation base

(in thousands of euro)

Elements underlying the measurement of the carrying value of insurance contracts written

	Current value of cash flows 2023	Adjustment for non-financial risks 2023	2023 contractual service margin	2023 total
A. Initial carrying amount				
1. Insurance contracts written that constitute liabilities	514,995	21,531	67,105	603,630
2. Insurance contracts written that constitute assets	0	0	0	0
3. Net carrying amount at 1 January	514,995	21,531	67,105	603,630
B. Changes relating to current services				
1. Contractual service margin recorded in income statement	0	0	(17,863)	(17,863)
2. Change for expired non-financial risks	0	(5,452)	0	(5,452)
3. Changes connected with experience	104,578	0	0	104,578
4. Total	104,578	(5,452)	(17,863)	81,264
C. Changes relating to future services				
1. Changes of contractual service margin	30,489	6,948	(37,437)	0
2. Losses on groups of onerous contracts and related recoveries	23,032	0	0	23,032
3. Effects of contracts initially recorded in financial year of reference	(21,656)	3,403	18,253	0
4. Total	31,865	10,351	(19,184)	23,032
D. Changes relating to past services				
1. Adjustments to liabilities for claims occurring	124,005	5,448	0	129,453
2. Changes connected with experience	0	0	0	0
3. Total	124,005	5,448	0	129,453
E. Insurance services result (B+C+D)	260,448	10,347	(37,047)	233,749
F. Expenses/income of financial nature				
1. Relating to insurance contracts written	16,436	0	595	17,031
1.1 Recorded in income statement	(362)	0	595	233
1.2 Recorded in comprehensive income statement	16,798	0	0	16,798
2. Effects connected with exchange rate changes	0	0	0	0
3. Total	16,436	0	595	17,031
G. Total amount of changes recorded in income statement and in comprehensive income statement (E+ F)	276,884	10,347	(36,451)	250,780
H. Other changes	0	0	0	0
I. Cash movements				
1. Premiums received	428,886	0	0	428,886
2. Payments connected with contract acquisition expenses	(47,286)	0	0	(47,286)
3. Claims paid and other cash outflows	(358,641)	0	0	(358,641)
4. Total	22,959	0	0	22,959
L. Net carrying amount at 31 December (A.3+G+H+I.4)	814,838	31,878	30,654	877,369
M. Final carrying amount				
1. Insurance contracts written that constitute liabilities	814,838	31,878	30,654	877,369
2. Insurance contracts written that constitute assets	0	0	0	0
3. Net carrying amount at 31 December	814,838	31,878	30,654	877,369

(in thousands of euro)

Elements underlying the measurement of the carrying value of insurance contracts written				
	Current value of cash flows 2022	Adjustment for 2022 non-financial risks	2022 contractual service margin	2022 total
A. Initial carrying amount				
1. Insurance contracts written that constitute liabilities	397,014	17,571	69,501	484,086
2. Insurance contracts written that constitute assets	0	0	0	0
3. Net carrying amount at 1 January	397,014	17,571	69,501	484,086
B. Changes relating to current services				
1. Contractual service margin recorded in income statement	0	0	(40,611)	(40,611)
2. Change for expired non-financial risks	0	(3,972)	0	(3,972)
3. Changes connected with experience	248,862	0	0	248,862
4. Total	248,862	(3,972)	(40,611)	204,278
C. Changes relating to future services				
1. Changes of contractual service margin	(28,868)	6,073	22,795	0
2. Losses on groups of onerous contracts and related recoveries	489	0	0	489
3. Effects of contracts initially recorded in financial year of reference	(18,511)	2,634	15,877	0
4. Total	(46,890)	8,707	38,672	489
D. Changes relating to past services				
1. Adjustments to liabilities for claims occurring	(102,873)	(776)	0	(103,649)
2. Changes connected with experience	0	0	0	0
3. Total	(102,873)	(776)	0	(103,649)
E. Insurance services result (B+C+D)	99,099	3,959	(1,940)	101,119
F. Expenses/income of financial nature				
1. Relating to insurance contracts written	(61,236)	0	(456)	(61,691)
1.1 Recorded in income statement	(2,005)	0	(456)	(2,461)
1.2 Recorded in comprehensive income statement	(59,230)	0	0	(59,230)
2. Effects connected with exchange rate changes	0	0	0	0
3. Total	(61,236)	0	(456)	(61,691)
G. Total amount of changes recorded in income statement and in comprehensive income statement (E+ F)	37,864	3,959	(2,396)	39,427
H. Other changes	0	0	0	0
I. Cash movements				
1. Premiums received	275,312	0	0	275,312
2. Payments connected with contract acquisition expenses	(37,111)	0	0	(37,111)
3. Claims paid and other cash outflows	(158,083)	0	0	(158,083)
4. Total	80,117	0	0	80,117
L. Net carrying amount at 31 December (A.3+G+H+I.4)	514,995	21,531	67,105	603,630
M. Final carrying amount				
1. Insurance contracts written that constitute liabilities	514,995	21,531	67,105	603,630
2. Insurance contracts written that constitute assets	0	0	0	0
3. Net carrying amount at 31 December	514,995	21,531	67,105	603,630



Dynamic of insurance income and contractual service margin of insurance contracts written broken down based upon the existing contracts at the time of the transition to IFRS 17

(in thousands of euro)

	2023				
	New contracts and contracts measured at the transition date with the full retroactive application method	Contracts measured at the transition date with the modified retroactive application method	Contracts measured at the transition date with the fair value method	Contracts subject to carve-out	Total
Insurance income	(138,929)	0	(201,521)	0	(340,450)
Contractual service margin - Initial balances	31,660	0	35,445	0	67,105
Changes referring to current services					
Contractual service margin recorded in income statement to reflect services provided	(7,289)	0	(10,573)	0	(17,862)
Changes referring to future services					
- Changes of estimates that modify the contractual service margin	(26,082)	0	(11,356)	0	(37,438)
- Effects of contracts initially recorded in financial year of reference	18,253	0	0	0	18,253
Income/expenses of financial nature					
1. Relating to insurance contracts written	243	0	352	0	595
2. Effects connected with exchange rate changes	0	0	0	0	0
3. Total	243	0	352	0	595
Total changes recorded in income statement and in comprehensive income statement	(14,875)	0	(21,577)	0	(36,452)
Contractual service margin - Final inventories	16,785	0	13,868	0	30,653

(in thousands of euro)

	2022				
	New contracts and contracts measured at the transition date with the full retroactive application method	Contracts measured at the transition date with the modified retroactive application method	Contracts measured at the transition date with the fair value method	Contracts subject to carve-out	Total
Insurance income	(144,486)	0	(155,420)	0	(299,906)
Contractual service margin - Initial balances	0	0	69,501	0	69,501
Changes referring to current services					
Contractual service margin recorded in income statement to reflect services provided	(19,565)	0	(21,046)	0	(40,611)
Changes referring to future services					
- Changes of estimates that modify the contractual service margin	35,568	0	(12,773)	0	22,795
- Effects of contracts initially recorded in financial year of reference	15,877	0	0	0	15,877
Income/expenses of financial nature					
1. Relating to insurance contracts written	(220)	0	(236)	0	(456)
2. Effects connected with exchange rate changes	0	0	0	0	0
3. Total	(220)	0	(236)	0	(456)
Total changes recorded in income statement and in comprehensive income statement	31,660	0	(34,055)	0	(2,395)
Contractual service margin - Final inventories	31,660	0	35,446	0	67,106



Elements underlying the measurement of insurance contracts written registered during the year T

(in thousands of euro)

Items/Groups of contracts	Originated contracts			Contracts acquired in business aggregation operations			Contracts transferred from third parties		
	2023			2023			2023		
	Onerous contracts	Non-onerous contracts	Total	Onerous contracts	Non-onerous contracts	Total	Onerous contracts	Non-onerous contracts	Total
A. Estimate of current value of future outgoing cash flows									
1. Contract acquisition expenses	0	(1,478)	(1,478)	0	0	0	0	0	0
2. Amount of claims and other directly attributable expenses	0	(9,728)	(9,728)	0	0	0	0	0	0
3. Total	0	(11,206)	(11,206)	0	0	0	0	0	0
B. Estimate of current value of future incoming cash flows	0	(32,863)	(32,863)	0	0	0	0	0	0
C. Estimate of net current value of future cash flows (A-B)	0	21,656	21,656	0	0	0	0	0	0
D. Estimate of adjustment for non-financial risks	0	(3,403)	(3,403)	0	0	0	0	0	0
E. Accounting elimination of assets already recorded against cash flows connected with insurance contracts written	0	0	0	0	0	0	0	0	0
F. Contractual service margin	0	(18,253)	(18,253)	0	0	0	0	0	0
G. Increase included in liabilities for insurance contracts written in the year (C+D+E+ F)	0	0	0	0	0	0	0	0	0

(in thousands of euro)

Items/Groups of contracts	Originated contracts			Contracts acquired in business aggregation operations			Contracts transferred from third parties		
	2022			2022			2022		
	Onerous contracts	Non-onerous contracts	Total	Onerous contracts	Non-onerous contracts	Total	Onerous contracts	Non-onerous contracts	Total
A. Estimate of current value of future outgoing cash flows									
1. Contract acquisition expenses	0	(1,264)	(1,264)	0	0	0	0	0	0
2. Amount of claims and other directly attributable expenses	0	(8,316)	(8,316)	0	0	0	0	0	0
3. Total	0	(9,580)	(9,580)	0	0	0	0	0	0
B. Estimate of current value of future incoming cash flows	0	(28,090)	(28,090)	0	0	0	0	0	0
C. Estimate of net current value of future cash flows (A-B)	0	18,511	18,511	0	0	0	0	0	0
D. Estimate of adjustment for non-financial risks	0	(2,634)	(2,634)	0	0	0	0	0	0
E. Accounting elimination of assets already recorded against cash flows connected with insurance contracts written	0	0	0	0	0	0	0	0	0
F. Contractual service margin	0	(15,877)	(15,877)	0	0	0	0	0	0
G. Increase included in liabilities for insurance contracts written in the year (C+D+E+ F)	0	0	0	0	0	0	0	0	0



Insurance contracts written - Contractual service margin broken down by expected times of registration in the income statement

Reinsurance cessions - Contractual service margin broken down by expected times of registration in the income statement

The following tables provide information on the timing with which the Group expects to record, in the income statement of subsequent years, the margin on insurance services registered in the Balance Sheet schedule at 31 December 2023.

As envisaged by ISVAP Regulation no. 7 of 13 July 2007, the information is provided with reference to the margin on insurance services of contracts written and the margin on reinsurance cessions, detailed for the Non-Life business and for the Life business.

(in thousands of euro)

Time Bands	within 1 year	between 1 and 2 years	between 2 and 3 years	beyond 3 years	Total
Insurance contracts written					
Non-Life business	16,828	8,414	2,500	2,912	30,654
Reinsurance cessions					
Non-Life business	747	672	273	1,049	2,741

(in thousands of euro)

Time Bands	within 3 years	between 4 and 6 years	between 7 and 10 years	between 11 and 20 years	between 21 and 30 years	more 30 years	Total
Insurance contracts written							
Life business	227,999	165,312	145,162	161,604	43,505	11,986	755,568
Reinsurance cessions							
Life business	7,750	4,482	4,402	5,458	1,779	559	24,430

Insurance contracts written - Development of claims gross of reinsurance (Non-Life Business)

Claims/time brackets

A. Accumulated claims paid and other directly attributable expenses paid

1. At the end of the year of occurrence

2. One year after

3. Two years after

4. Three years after

5. Four years after

6. Five years after

7. Six years after

8. Seven years after

9. Eight years after

10. Nine years after

Total accumulated claims paid and other directly attributable expenses paid (Total A)

B. Estimate of final cost of accumulated claims (gross of reinsurance cessions and not discounted)

1. At the end of the year of occurrence

2. One year after

3. Two years after

4. Three years after

5. Four years after

6. Five years after

7. Six years after

8. Seven years after

9. Eight years after

10. Nine years after

Estimate of final cost of gross non-discounted accumulated claims at the reporting date (Total B)

C. Liabilities for gross non-discounted claims occurring - year of occurrence from T to T-9 (Total B – Total A)

D. Liabilities for gross non-discounted claims occurring - years prior to T-9

E. Discounting effect

F. Effect of adjustment for non-financial risks

G. Liabilities for claims occurring gross of insurance contracts written



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(in thousands of euro)

Year T-9	Year T-8	Year T-7	Year T-6	Year T-5	Year T-4	Year T-3	Year T-2	Year T-1	Year T	Total
923,273	974,052	943,515	991,269	1,025,405	1,100,050	1,018,412	1,152,787	1,202,858	1,416,448	X
1,478,124	1,559,838	1,549,354	1,679,095	1,683,049	1,781,390	1,591,594	1,903,428	1,986,287	X	X
1,626,165	1,699,415	1,707,775	1,840,506	1,831,347	1,953,162	1,709,187	2,078,316	X	X	X
1,685,838	1,766,561	1,788,329	1,905,139	1,904,803	2,035,722	1,776,460	X	X	X	X
1,721,712	1,809,120	1,822,352	1,952,529	1,947,614	2,081,875	X	X	X	X	X
1,750,185	1,829,962	1,848,546	1,984,101	1,977,847	X	X	X	X	X	X
1,769,758	1,849,592	1,866,924	2,011,691	X	X	X	X	X	X	X
1,781,551	1,861,882	1,885,627	X	X	X	X	X	X	X	X
1,788,757	1,873,178	X	X	X	X	X	X	X	X	X
1,794,956	X	X	X	X	X	X	X	X	X	X
1,794,956	1,873,178	1,885,627	2,011,691	1,977,847	2,081,875	1,776,460	2,078,316	1,986,287	1,416,448	18,882,685
1,864,601	1,940,861	1,937,607	2,073,356	2,064,392	2,226,362	2,094,199	2,432,726	2,512,142	3,026,193	X
1,894,576	1,951,305	1,954,187	2,099,494	2,071,601	2,255,086	1,992,394	2,439,126	2,509,378	X	X
1,855,084	1,937,496	1,954,218	2,088,516	2,066,711	2,259,473	1,962,695	2,432,495	X	X	X
1,854,557	1,935,162	1,965,019	2,072,981	2,095,787	2,257,902	1,972,942	X	X	X	X
1,847,001	1,930,377	1,948,013	2,095,635	2,087,987	2,255,791	X	X	X	X	X
1,842,730	1,915,831	1,952,535	2,088,469	2,086,540	X	X	X	X	X	X
1,835,305	1,919,450	1,940,794	2,094,252	X	X	X	X	X	X	X
1,834,749	1,914,826	1,947,545	X	X	X	X	X	X	X	X
1,829,753	1,914,887	X	X	X	X	X	X	X	X	X
1,828,513	X	X	X	X	X	X	X	X	X	X
1,828,513	1,914,887	1,947,545	2,094,252	2,086,540	2,255,791	1,972,942	2,432,495	2,509,378	3,026,193	22,068,536
33,557	41,709	61,918	82,561	108,693	173,916	196,482	354,179	523,091	1,609,745	3,185,851
X	X	X	X	X	X	X	X	X	X	119,480
X	X	X	X	X	X	X	X	X	X	(219,349)
X	X	X	X	X	X	X	X	X	X	87,019
X	X	X	X	X	X	X	X	X	X	3,173,001

Insurance contracts written - Development of claims net of reinsurance (Non-Life Business)

Claims/time brackets

A. Accumulated claims paid and other directly attributable expenses paid net of reinsurance

- 1. At the end of the year of occurrence
- 2. One year after
- 3. Two years after
- 4. Three years after
- 5. Four years after
- 6. Five years after
- 7. Six years after
- 8. Seven years after
- 9. Eight years after
- 10. Nine years after

Total accumulated claims paid and other directly attributable expenses paid net of reinsurance (Total A)

B. Estimate of final cost of accumulated claims (net of reinsurance cessions and not discounted)

- 1. At the end of the year of occurrence
- 2. One year after
- 3. Two years after
- 4. Three years after
- 5. Four years after
- 6. Five years after
- 7. Six years after
- 8. Seven years after
- 9. Eight years after
- 10. Nine years after

Estimate of final cost of net non-discounted accumulated claims at the reporting date (Total B)

C. Liabilities for net non-discounted claims occurring - year of occurrence from T to T-9 (Total B – Total A)

D. Liabilities for net non-discounted claims occurring - years prior to T-9

E. Discounting effect

F. Effect of adjustment for non-financial risks

G. Liabilities for claims occurring net of insurance contracts written



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Year T-9	Year T-8	Year T-7	Year T-6	Year T-5	Year T-4	Year T-3	Year T-2	Year T-1	Year T	Total
791,095	853,077	834,661	879,572	927,762	988,297	900,253	1,012,932	1,066,228	1,418,522	X
1,274,189	1,365,371	1,351,634	1,429,640	1,498,579	1,587,592	1,379,238	1,629,535	1,729,487	X	X
1,396,406	1,485,943	1,488,419	1,574,954	1,631,165	1,741,105	1,483,076	1,766,369	X	X	X
1,450,214	1,543,840	1,554,239	1,630,473	1,699,152	1,813,671	1,535,519	X	X	X	X
1,483,137	1,576,650	1,585,974	1,673,635	1,737,890	1,855,504	X	X	X	X	X
1,506,020	1,596,193	1,610,377	1,700,775	1,763,972	X	X	X	X	X	X
1,524,451	1,613,279	1,627,796	1,726,461	X	X	X	X	X	X	X
1,536,230	1,624,655	1,644,182	X	X	X	X	X	X	X	X
1,543,805	1,635,191	X	X	X	X	X	X	X	X	X
1,548,913	X	X	X	X	X	X	X	X	X	X
1,548,913	1,635,191	1,644,182	1,726,461	1,763,972	1,855,504	1,535,519	1,766,369	1,729,487	1,418,522	16,624,120
1,582,674	1,671,392	1,692,954	1,763,351	1,812,032	1,972,048	1,814,085	2,066,552	2,204,494	2,384,547	X
1,638,203	1,703,799	1,703,285	1,795,508	1,847,646	2,016,789	1,731,028	2,085,376	2,210,167	X	X
1,591,549	1,692,795	1,707,069	1,788,552	1,843,246	2,019,108	1,709,425	2,073,986	X	X	X
1,595,180	1,692,267	1,700,929	1,782,467	1,874,091	2,017,346	1,712,108	X	X	X	X
1,592,873	1,680,877	1,701,033	1,805,296	1,862,922	2,013,663	X	X	X	X	X
1,584,508	1,675,716	1,707,588	1,797,257	1,860,654	X	X	X	X	X	X
1,585,120	1,678,793	1,695,218	1,802,667	X	X	X	X	X	X	X
1,586,040	1,674,327	1,699,819	X	X	X	X	X	X	X	X
1,581,108	1,673,842	X	X	X	X	X	X	X	X	X
1,579,359	X	X	X	X	X	X	X	X	X	X
1,579,359	1,673,842	1,699,819	1,802,667	1,860,654	2,013,663	1,712,108	2,073,986	2,210,167	2,384,547	19,010,812
30,446	38,651	55,637	76,206	96,682	158,159	176,589	307,617	480,680	966,025	2,386,692
X	X	X	X	X	X	X	X	X	X	107,882
X	X	X	X	X	X	X	X	X	X	(191,451)
X	X	X	X	X	X	X	X	X	X	65,733
X	X	X	X	X	X	X	X	X	X	2,368,856

Life business

Dynamic of the carrying amount of insurance contracts written - GMM - liabilities for residual cover and for claims occurring - Insurance contracts with DPF aggregation base

(in thousands of euro)

Items/Liabilities	Liabilities for 2023 residual cover		Liabilities for 2023 claims occurring	2023 total
	Net of the loss	Loss		
A. Initial carrying amount				
1. Insurance contracts written that constitute liabilities	181,930	5,277	6,151	193,358
2. Insurance contracts written that constitute assets	0	0	0	0
3. Net carrying amount at 1 January	181,930	5,277	6,151	193,358
B. Insurance income	(99,627)	0	0	(99,627)
C. Expenses for insurance services				
1. Claims occurring and other directly attributable expenses	0	0	31,158	31,158
2. Changes of liabilities for claims occurring	0	0	2,011	2,011
3. Losses and related recoveries on onerous contracts	0	(3,500)	0	(3,500)
4. Amortisation of contract acquisition expenses	3,987	0	0	3,987
5. Total	3,987	(3,500)	33,170	33,657
D. Insurance services result (B+C)	(95,639)	(3,500)	33,170	(65,970)
E. Net expenses/income of financial nature				
1. Relating to insurance contracts written	8,027	0	0	8,027
1.1 Recorded in income statement	249	0	0	249
1.2 Recorded in comprehensive income statement	7,778	0	0	7,778
2. Effects connected with exchange rate changes	0	0	0	0
3. Total	8,027	0	0	8,027
F. Investment components	0	0	0	0
G. Total amount recorded in income statement and in comprehensive income statement (D+E+F)	(87,612)	(3,500)	33,170	(57,943)
H. Other changes	0	0	0	0
I. Cash movements				
1. Premiums received	137,374	0	0	137,374
2. Payments connected with contract acquisition expenses	(11,401)	0	0	(11,401)
3. Claims paid and other cash outflows	0	0	(31,159)	(31,159)
4. Total	125,972	0	(31,159)	94,814
L. Net carrying amount at 31 December (A.3+G+H+I.4)	220,289	1,777	8,162	230,228
M. Final carrying amount				
1. Insurance contracts written that constitute liabilities	220,289	1,777	8,162	230,228
2. Insurance contracts written that constitute assets	0	0	0	0
3. Net carrying amount at 31 December	220,289	1,777	8,162	230,228



(in thousands of euro)

Items/Liabilities	Liabilities for 2022 residual cover		Liabilities for 2022 claims occurring	2022 total
	Net of the loss	Loss		
A. Initial carrying amount				
1. Insurance contracts written that constitute liabilities	219,568	0	6,575	226,143
2. Insurance contracts written that constitute assets	0	0	0	0
3. Net carrying amount at 1 January	219,568	0	6,575	226,143
B. Insurance income	(98,952)	0	0	(98,952)
C. Expenses for insurance services				
1. Claims occurring and other directly attributable expenses	0	0	33,133	33,133
2. Changes of liabilities for claims occurring	0	0	(409)	(409)
3. Losses and related recoveries on onerous contracts	0	5,277	0	5,277
4. Amortisation of contract acquisition expenses	(6,143)	0	0	(6,143)
5. Total	(6,143)	5,277	32,724	31,859
D. Insurance services result (B+C)	(105,095)	5,277	32,724	(67,093)
E. Net expenses/income of financial nature	0	0	0	0
1. Relating to insurance contracts written	(19,388)	0	0	(19,388)
1.1 Recorded in income statement	(1,090)	0	0	(1,090)
1.2 Recorded in comprehensive income statement	(18,298)	0	0	(18,298)
2. Effects connected with exchange rate changes	0	0	0	0
3. Total	(19,388)	0	0	(19,388)
F. Investment components	0	0	0	0
G. Total amount recorded in income statement and in comprehensive income statement (D+E+F)	(124,483)	5,277	32,724	(86,481)
H. Other changes	0	0	0	0
I. Cash movements				
1. Premiums received	96,137	0	0	96,137
2. Payments connected with contract acquisition expenses	(9,293)	0	0	(9,293)
3. Claims paid and other cash outflows	0	0	(33,149)	(33,149)
4. Total	86,845	0	(33,149)	53,696
L. Net carrying amount at 31 December (A.3+G+H+I.4)	181,930	5,277	6,151	193,358
M. Final carrying amount				
1. Insurance contracts written that constitute liabilities	181,930	5,277	6,151	193,358
2. Insurance contracts written that constitute assets	0	0	0	0
3. Net carrying amount at 31 December	181,930	5,277	6,151	193,358

Dynamic of the carrying amount of insurance contracts written - PAA - liabilities for residual cover and for claims occurring

(in thousands of euro)

Items/Liabilities	Liabilities for 2023 residual cover		Liabilities for 2023 claims occurring		2023 total
	Net of the loss	Loss	Current value of cash flows	Adjustment for non-financial risks	
A. Initial carrying amount					
1. Insurance contracts written that constitute liabilities	4,871	0	9,848	0	14,719
2. Insurance contracts written that constitute assets	0	0	0	0	0
3. Net carrying amount at 1 January	4,871	0	9,848	0	14,719
B. Insurance income	(24,166)	0	0	0	(24,166)
C. Expenses for insurance services					
1. Claims occurring and other directly attributable expenses	0	0	8,710	0	8,710
2. Changes of liabilities for claims occurring	0	0	99	0	99
3. Losses and related recoveries on onerous contracts	0	0	0	0	0
4. Amortisation of contract acquisition expenses	10,498	0	0	0	10,498
5. Total	10,498	0	8,809	0	19,307
D. Insurance services result (B+C)	(13,669)	0	8,809	0	(4,859)
E. Net expenses/income of financial nature					
1. Relating to insurance contracts written	0	0	57	0	57
1.1 Recorded in income statement	0	0	57	0	57
1.2 Recorded in comprehensive income statement	0	0	0	0	0
2. Effects connected with exchange rate changes	0	0	0	0	0
3. Total	0	0	57	0	57
F. Investment components	0	0	0	0	0
G. Total amount recorded in income statement and in comprehensive income statement (D+E+F)	(13,669)	0	8,866	0	(4,802)
H. Other changes	0	0	0	0	0
I. Cash movements					
1. Premiums received	14,243	0	0	0	14,243
2. Payments connected with contract acquisition expenses	0	0	0	0	0
3. Claims paid and other cash outflows	0	0	(8,776)	0	(8,776)
4. Total	14,243	0	(8,776)	0	5,467
L. Net carrying amount at 31 December (A.3+G+H+I.4)	5,446	0	9,939	0	15,385
M. Final carrying amount					
1. Insurance contracts written that constitute liabilities	5,446	0	9,939	0	15,385
2. Insurance contracts written that constitute assets	0	0	0	0	0
3. Net carrying amount at 31 December	5,446	0	9,939	0	15,385



(in thousands of euro)

Items/Liabilities	Liabilities for 2022 residual cover		Liabilities for 2022 claims occurring		2022 total
	Net of the loss	Loss	Current value of cash flows	Adjustment for non-financial risks	
A. Initial carrying amount					
1. Insurance contracts written that constitute liabilities	6,482	0	7,455	0	13,937
2. Insurance contracts written that constitute assets	0	0	0	0	0
3. Net carrying amount at 1 January	6,482	0	7,455	0	13,937
B. Insurance income	(21,658)	0	0	0	(21,658)
C. Expenses for insurance services					
1. Claims occurring and other directly attributable expenses	0	0	7,718	0	7,718
2. Changes of liabilities for claims occurring	0	0	2,403	0	2,403
3. Losses and related recoveries on onerous contracts	0	0	0	0	0
4. Amortisation of contract acquisition expenses	8,997	0	0	0	8,997
5. Total	8,997	0	10,121	0	19,118
D. Insurance services result (B+C)	(12,661)	0	10,121	0	(2,540)
E. Net expenses/income of financial nature					
1. Relating to insurance contracts written	0	0	0	0	0
1.1 Recorded in income statement	0	0	0	0	0
1.2 Recorded in comprehensive income statement	0	0	0	0	0
2. Effects connected with exchange rate changes	0	0	0	0	0
3. Total	0	0	0	0	0
F. Investment components	0	0	0	0	0
G. Total amount recorded in income statement and in comprehensive income statement (D+E+F)	(12,661)	0	10,121	0	(2,540)
H. Other changes	0	0	0	0	0
I. Cash movements					
1. Premiums received	11,050	0	0	0	11,050
2. Payments connected with contract acquisition expenses	0	0	0	0	0
3. Claims paid and other cash outflows	0	0	(7,728)	0	(7,728)
4. Total	11,050	0	(7,728)	0	3,322
L. Net carrying amount at 31 December (A.3+G+H+I.4)	4,871	0	9,848	0	14,719
M. Final carrying amount					
1. Insurance contracts written that constitute liabilities	4,871	0	9,848	0	14,719
2. Insurance contracts written that constitute assets	0	0	0	0	0
3. Net carrying amount at 31 December	4,871	0	9,848	0	14,719

Dynamic of the carrying amount of insurance contracts written broken down by elements underlying the measurement - Insurance contracts with DPF aggregation base

(in thousands of euro)

Elements underlying the measurement of the carrying value of insurance contracts written				
	Current value of 2023 cash flows	Adjustment for 2023 non-financial risks	2023 contractual service margin	Total 2023
A. Initial carrying amount				
1. Insurance contracts written that constitute liabilities	(4,872)	19,189	179,040	193,358
2. Insurance contracts written that constitute assets	0	0	0	0
3. Net carrying amount at 1 January	(4,872)	19,189	179,040	193,358
B. Changes relating to current services				
1. Contractual service margin recorded in income statement	0	0	(34,611)	(34,611)
2. Change for expired non-financial risks	0	(2,652)	0	(2,652)
3. Changes connected with experience	(27,221)	0	0	(27,221)
4. Total	(27,221)	(2,652)	(34,611)	(64,484)
C. Changes relating to future services				
1. Changes of contractual service margin	(10,884)	12,688	(1,804)	0
2. Losses on groups of onerous contracts and related recoveries	(3,498)	0	0	(3,498)
3. Effects of contracts initially recorded in financial year of reference	(42,372)	3,506	38,866	0
4. Total	(56,755)	16,194	37,062	(3,498)
D. Changes relating to past services				
1. Adjustments to liabilities for claims occurring	2,012	0	0	2,012
2. Changes connected with experience	0	0	0	0
3. Total	2,012	0	0	2,012
E. Insurance services result (B+C+D)	(81,963)	13,542	2,451	(65,970)
F. Expenses/income of financial nature				
1. Relating to insurance contracts written	7,074	0	953	8,027
1.1 Recorded in income statement	(703)	0	953	249
1.2 Recorded in comprehensive income statement	7,778	0	0	7,778
2. Effects connected with exchange rate changes	0	0	0	0
3. Total	7,074	0	953	8,027
G. Total amount of changes recorded in income statement and in comprehensive income statement (E+ F)	(74,889)	13,542	3,403	(57,943)
H. Other changes	0	0	0	0
I. Cash movements				
1. Premiums received	137,374	0	0	137,374
2. Payments connected with contract acquisition expenses	(11,401)	0	0	(11,401)
3. Claims paid and other cash outflows	(31,159)	0	0	(31,159)
4. Total	94,814	0	0	94,814
L. Net carrying amount at 31 December (A.3+G+H+I.4)	15,053	32,732	182,444	230,228
M. Final carrying amount				
1. Insurance contracts written that constitute liabilities	15,053	32,732	182,444	230,228
2. Insurance contracts written that constitute assets	0	0	0	0
3. Net carrying amount at 31 December	15,053	32,732	182,444	230,228



(in thousands of euro)

Elements underlying the measurement of the carrying value of insurance contracts written

	Current value of 2022 cash flows	Adjustment for 2022 non-financial risks	2022 contractual service margin	Total 2022
A. Initial carrying amount				
1. Insurance contracts written that constitute liabilities	22,459	30,432	173,253	226,143
2. Insurance contracts written that constitute assets	0	0	0	0
3. Net carrying amount at 1 January	22,459	30,432	173,253	226,143
B. Changes relating to current services				
1. Contractual service margin recorded in income statement	0	0	(34,189)	(34,189)
2. Change for expired non-financial risks	0	(3,814)	0	(3,814)
3. Changes connected with experience	(33,959)	0	0	(33,959)
4. Total	(33,959)	(3,814)	(34,189)	(71,962)
C. Changes relating to future services				
1. Changes of contractual service margin	8,376	(9,505)	1,129	0
2. Losses on groups of onerous contracts and related recoveries	5,277	0	0	5,277
3. Effects of contracts initially recorded in financial year of reference	(42,063)	2,076	39,986	0
4. Total	(28,409)	(7,429)	41,116	5,277
D. Changes relating to past services				
1. Adjustments to liabilities for claims occurring	(409)	0	0	(409)
2. Changes connected with experience	0	0	0	0
3. Total	(409)	0	0	(409)
E. Insurance services result (B+C+D)	(62,777)	(11,243)	6,926	(67,093)
F. Expenses/income of financial nature				
1. Relating to insurance contracts written	(18,250)	0	(1,139)	(19,388)
1.1 Recorded in income statement	48	0	(1,139)	(1,090)
1.2 Recorded in comprehensive income statement	(18,298)	0	0	(18,298)
2. Effects connected with exchange rate changes	0	0	0	0
3. Total	(18,250)	0	(1,139)	(19,388)
G. Total amount of changes recorded in income statement and in comprehensive income statement (E+ F)	(81,026)	(11,243)	5,788	(86,481)
H. Other changes	0	0	0	0
I. Cash movements				
1. Premiums received	96,137	0	0	96,137
2. Payments connected with contract acquisition expenses	(9,293)	0	0	(9,293)
3. Claims paid and other cash outflows	(33,149)	0	0	(33,149)
4. Total	53,696	0	0	53,696
L. Net carrying amount at 31 December (A.3+G+H+I.4)	(4,872)	19,189	179,040	193,358
M. Final carrying amount				
1. Insurance contracts written that constitute liabilities	(4,872)	19,189	179,040	193,358
2. Insurance contracts written that constitute assets	0	0	0	0
3. Net carrying amount at 31 December	(4,872)	19,189	179,040	193,358

Dynamic of insurance income and contractual service margin of insurance contracts written broken down based upon the existing contracts at the time of the transition to IFRS 17 - Insurance contracts with DPF aggregation base

(in thousands of euro)

	2023				
	New contracts and contracts measured at the transition date with the full retroactive application method	Contracts measured at the transition date with the modified retroactive application method	Contracts measured at the transition date with the fair value method	Contracts subject to carve-out	Total
Insurance income	0	0	(99,627)	0	(99,627)
Contractual service margin - Initial balances	39,538	0	139,503	0	179,040
Changes referring to current services					
Contractual service margin recorded in income statement to reflect services provided	(7,756)	0	(26,855)	0	(34,610)
Changes referring to future services					
- Changes of estimates that modify the contractual service margin	(7,265)	0	5,460	0	(1,805)
- Effects of contracts initially recorded in financial year of reference	38,866	0	0	0	38,866
Income/expenses of financial nature					
1. Relating to insurance contracts written	1,235	0	(282)	0	953
2. Effects connected with exchange rate changes	0	0	0	0	0
3. Total	1,235	0	(282)	0	953
Total changes recorded in income statement and in comprehensive income statement	25,081	0	(21,678)	0	3,403
Contractual service margin - Final balances	64,618	0	117,825	0	182,444



(in thousands of euro)

2022					
	New contracts and contracts measured at the transition date with the full retroactive application method	Contracts measured at the transition date with the modified retroactive application method	Contracts measured at the transition date with the fair value method	Contracts subject to carve-out	Total
Insurance income	0	0	(98,952)	0	(98,952)
Contractual service margin - Initial balances	0	0	173,253	0	173,253
Changes referring to current services					
Contractual service margin recorded in income statement to reflect services provided	(8,764)	0	(25,426)	0	(34,189)
Changes referring to future services					
- Changes of estimates that modify the contractual service margin	8,547	0	(7,418)	0	1,129
- Effects of contracts initially recorded in financial year of reference	39,986	0	0	0	39,986
Income/expenses of financial nature					
1. Relating to insurance contracts written	(213)	0	(925)	0	(1,139)
2. Effects connected with exchange rate changes	0	0	0	0	0
3. Total	(213)	0	(925)	0	(1,139)
Total changes recorded in income statement and in comprehensive income statement	39,556	0	(33,768)	0	5,788
Contractual service margin - Final balances	39,556	0	139,484	0	179,040

Elements underlying the measurement of insurance contracts written recorded during year T - Insurance contracts with DPF aggregation base

(in thousands of euro)

Items/Groups of contracts	Originated contracts			Contracts acquired in business aggregation operations			Contracts transferred from third parties		
	2023			2023			2023		
	Onerous contracts	Non-onerous contracts	Total	Onerous contracts	Non-onerous contracts	Total	Onerous contracts	Non-onerous contracts	Total
A. Estimate of current value of future outgoing cash flows									
1. Contract acquisition expenses	0	(2,957)	(2,957)	0	0	0	0	0	0
2. Amount of claims and other directly attributable expenses	0	(19,457)	(19,457)	0	0	0	0	0	0
3. Total	0	(22,414)	(22,414)	0	0	0	0	0	0
B. Estimate of current value of future incoming cash flows	0	(64,785)	(64,785)	0	0	0	0	0	0
C. Estimate of net current value of future cash flows (A-B)	0	42,372	42,372	0	0	0	0	0	0
D. Estimate of adjustment for non-financial risks	0	(3,506)	(3,506)	0	0	0	0	0	0
E. Accounting elimination of assets already recorded against cash flows connected with insurance contracts written	0	0	0	0	0	0	0	0	0
F. Contractual service margin	0	(38,866)	(38,866)	0	0	0	0	0	0
G. Increase included in liabilities for insurance contracts written in the year (C+D+E+ F)	0	0	0	0	0	0	0	0	0



(in thousands of euro)

Items/Groups of contracts	Originated contracts			Contracts acquired in business aggregation operations			Contracts transferred from third parties		
	2022			2022			2022		
	Onerous contracts	Non-onerous contracts	Total	Onerous contracts	Non-onerous contracts	Total	Onerous contracts	Non-onerous contracts	Total
A. Estimate of current value of future outgoing cash flows									
1. Contract acquisition expenses	0	(5,112)	(5,112)	0	0	0	0	0	0
2. Amount of claims and other directly attributable expenses	0	(39,177)	(39,177)	0	0	0	0	0	0
3. Total	0	(44,289)	(44,289)	0	0	0	0	0	0
B. Estimate of current value of future incoming cash flows	0	(86,352)	(86,352)	0	0	0	0	0	0
C. Estimate of net current value of future cash flows (A-B)	0	42,063	42,063	0	0	0	0	0	0
D. Estimate of adjustment for non-financial risks	0	(2,076)	(2,076)	0	0	0	0	0	0
E. Accounting elimination of assets already recorded against cash flows connected with insurance contracts written	0	0	0	0	0	0	0	0	0
F. Contractual service margin	0	(39,986)	(39,986)	0	0	0	0	0	0
G. Increase included in liabilities for insurance contracts written in the year (C+D+E+ F)	0	0	0	0	0	0	0	0	0

Life business

Dynamic of the carrying amount of insurance contracts written - liabilities for residual cover and for claims occurring - Insurance contracts without DPF aggregation base

(in thousands of euro)

	Liabilities for 2023 residual cover		Liabilities for 2023 claims occurring	2023 total
	Net of the loss	Loss		
A. Initial carrying amount				
1. Insurance contracts written that constitute liabilities	12,438,300	7,127	181,735	12,627,162
2. Insurance contracts written that constitute assets	0	0	0	0
3. Net carrying amount at 1 January	12,438,300	7,127	181,735	12,627,162
B. Insurance income	(184,069)	0	0	(184,069)
C. Expenses for insurance services				
1. Claims occurring and other directly attributable expenses	0	0	99,937	99,937
2. Changes of liabilities for claims occurring	0	0	9,336	9,336
3. Losses and related recoveries on onerous contracts	0	(3,647)	0	(3,647)
4. Amortisation of contract acquisition expenses	9,283	(39)	0	9,243
5. Total	9,283	(3,686)	109,273	114,869
D. Insurance services result (B+C)	(174,786)	(3,686)	109,273	(69,199)
E. Net expenses/income of financial nature				
1. Relating to insurance contracts written	1,141,087	0	0	1,141,087
1.1 Recorded in income statement	531,116	0	0	531,116
1.2 Recorded in comprehensive income statement	609,972	0	0	609,972
2. Effects connected with exchange rate changes	0	0	0	0
3. Total	1,141,087	0	0	1,141,087
F. Investment components	(2,387,843)	0	2,387,843	0
G. Total amount recorded in income statement and in comprehensive income statement (D+E+F)	(1,421,541)	(3,686)	2,497,115	1,071,888
H. Other changes	0	0	0	0
I. Cash movements				
1. Premiums received	1,698,514	(57)	0	1,698,456
2. Payments connected with contract acquisition expenses	(60,583)	0	0	(60,583)
3. Claims paid and other cash outflows	0	0	(2,487,770)	(2,487,770)
4. Total	1,637,931	(57)	(2,487,770)	(849,897)
L. Net carrying amount at 31 December (A.3+G+H+I.4)	12,654,689	3,384	191,080	12,849,153
M. Final carrying amount				
1. Insurance contracts written that constitute liabilities	12,654,689	3,441	191,131	12,849,261
2. Insurance contracts written that constitute assets	0	(57)	(51)	(108)
3. Net carrying amount at 31 December	12,654,689	3,384	191,080	12,849,153



(in thousands of euro)

	Liabilities for 2022 residual cover		Liabilities for 2022 claims occurring	2022 total
	Net of the loss	Loss		
A. Initial carrying amount				
1. Insurance contracts written that constitute liabilities	15,235,965	0	151,867	15,387,832
2. Insurance contracts written that constitute assets	0	0	0	0
3. Net carrying amount at 1 January	15,235,965	0	151,867	15,387,832
B. Insurance income	(173,573)	0	0	(173,573)
C. Expenses for insurance services				
1. Claims occurring and other directly attributable expenses	0	0	70,194	70,194
2. Changes of liabilities for claims occurring	0	0	29,778	29,778
3. Losses and related recoveries on onerous contracts	0	7,127	0	7,127
4. Amortisation of contract acquisition expenses	10,537	0	0	10,537
5. Total	10,537	7,127	99,972	117,636
D. Insurance services result (B+C)	(163,036)	7,127	99,972	(55,936)
E. Net expenses/income of financial nature	0	0	0	0
1. Relating to insurance contracts written	(2,697,925)	0	0	(2,697,925)
1.1 Recorded in income statement	(146,477)	0	0	(146,477)
1.2 Recorded in comprehensive income statement	(2,551,448)	0	0	(2,551,448)
2. Effects connected with exchange rate changes	0	0	0	0
3. Total	(2,697,925)	0	0	(2,697,925)
F. Investment components	0	0	0	0
G. Total amount recorded in income statement and in comprehensive income statement (D+E+F)	(2,860,961)	7,127	99,972	(2,753,861)
H. Other changes	0	0	0	0
I. Cash movements				
1. Premiums received	120,239	0	0	120,239
2. Payments connected with contract acquisition expenses	(56,943)	0	0	(56,943)
3. Claims paid and other cash outflows	0	0	(70,105)	(70,105)
4. Total	63,296	0	(70,105)	(6,809)
L. Net carrying amount at 31 December (A.3+G+H+I.4)	12,438,300	7,127	181,735	12,627,162
M. Final carrying amount				
1. Insurance contracts written that constitute liabilities	12,438,300	7,127	181,735	12,627,162
2. Insurance contracts written that constitute assets	0	0	0	0
3. Net carrying amount at 31 December	12,438,300	7,127	181,735	12,627,162

Dynamic of the carrying amount of insurance contracts written broken down by elements underlying the measurement - Insurance contracts with DPF aggregation base

(in thousands of euro)

Elements underlying the measurement of the carrying value of insurance contracts written				
	Current value of 2023 cash flows	Adjustment for 2023 non-financial risks	Contractual service margin 2023	2023 total
A. Initial carrying amount				
1. Insurance contracts written that constitute liabilities	11,841,584	221,386	564,192	12,627,162
2. Insurance contracts written that constitute assets	0	0	0	0
3. Net carrying amount at 1 January	11,841,584	221,386	564,192	12,627,162
B. Changes relating to current services				
1. Contractual service margin recorded in income statement	0	0	(58,684)	(58,684)
2. Change for expired non-financial risks	0	(15,042)	0	(15,042)
3. Changes connected with experience	(1,228)	0	0	(1,228)
4. Total	(1,228)	(15,042)	(58,684)	(74,954)
C. Changes relating to future services				
1. Changes of contractual service margin	(4,905)	(8,159)	13,064	0
2. Losses on groups of onerous contracts and related recoveries	(3,577)	(5)	0	(3,581)
3. Effects of contracts initially recorded in financial year of reference	(73,566)	19,014	54,553	0
4. Total	(82,048)	10,850	67,617	(3,581)
D. Changes relating to past services				
1. Adjustments to liabilities for claims occurring	9,336	0	0	9,336
2. Changes connected with experience	0	0	0	0
3. Total	9,336	0	0	9,336
E. Insurance services result (B+C+D)	(73,940)	(4,192)	8,932	(69,199)
F. Expenses/income of financial nature				
1. Relating to insurance contracts written	1,141,087	0	0	1,141,087
1.1 Recorded in income statement	531,116	0	0	531,116
1.2 Recorded in comprehensive income statement	609,972	0	0	609,972
2. Effects connected with exchange rate changes	0	0	0	0
3. Total	1,141,087	0	0	1,141,087
G. Total amount of changes recorded in income statement and in comprehensive income statement (E+F)	1,067,148	(4,192)	8,932	1,071,888
H. Other changes	0	0	0	0
I. Cash movements				
1. Premiums received	1,698,456	0	0	1,698,456
2. Payments connected with contract acquisition expenses	(60,583)	0	0	(60,583)
3. Claims paid and other cash outflows	(2,487,770)	0	0	(2,487,770)
4. Total	(849,897)	0	0	(849,897)
L. Net carrying amount at 31 December (A.3+G+H+I.4)	12,058,834	217,194	573,125	12,849,153
M. Final carrying amount				
1. Insurance contracts written that constitute liabilities	12,058,943	217,194	573,125	12,849,261
2. Insurance contracts written that constitute assets	(108)	0	0	(108)
3. Net carrying amount at 31 December	12,058,834	217,194	573,125	12,849,153



(in thousands of euro)

Elements underlying the measurement of the carrying value of insurance contracts written

	Current value of cash flows 2022	Adjustment for non-financial risks 2022	Contractual service margin 2022	Total 2022
A. Initial carrying amount				
1. Insurance contracts written that constitute liabilities	14,560,904	108,397	718,530	15,387,832
2. Insurance contracts written that constitute assets	0	0	0	0
3. Net carrying amount at 1 January	14,560,904	108,397	718,530	15,387,832
B. Changes relating to current services				
1. Contractual service margin recorded in income statement	0	0	(58,269)	(58,269)
2. Change for expired non-financial risks	0	(9,762)	0	(9,762)
3. Changes connected with experience	(24,811)	0	0	(24,811)
4. Total	(24,811)	(9,762)	(58,269)	(92,842)
C. Changes relating to future services				
1. Changes of contractual service margin	78,632	101,030	(179,662)	0
2. Losses on groups of onerous contracts and related recoveries	7,127	0	0	7,127
3. Effects of contracts initially recorded in financial year of reference	(105,313)	21,721	83,592	0
4. Total	(19,555)	122,751	(96,070)	7,127
D. Changes relating to past services				
1. Adjustments to liabilities for claims occurring	29,778	0	0	29,778
2. Changes connected with experience	0	0	0	0
3. Total	29,778	0	0	29,778
E. Insurance services result (B+C+D)	(14,587)	112,989	(154,338)	(55,936)
F. Expenses/income of financial nature				
1. Relating to insurance contracts written	(2,697,925)	0	0	(2,697,925)
1.1 Recorded in income statement	(146,477)	0	0	(146,477)
1.2 Recorded in comprehensive income statement	(2,551,448)	0	0	(2,551,448)
2. Effects connected with exchange rate changes	0	0	0	0
3. Total	(2,697,925)	0	0	(2,697,925)
G. Total amount of changes recorded in income statement and in comprehensive income statement (E+ F)	(2,712,512)	112,989	(154,338)	(2,753,861)
H. Other changes	0	0	0	0
I. Cash movements				
1. Premiums received	120,239	0	0	120,239
2. Payments connected with contract acquisition expenses	(56,943)	0	0	(56,943)
3. Claims paid and other cash outflows	(70,105)	0	0	(70,105)
4. Total	(6,809)	0	0	(6,809)
L. Net carrying amount at 31 December (A.3+G+H+I.4)	11,841,584	221,386	564,192	12,627,162
M. Final carrying amount				
1. Insurance contracts written that constitute liabilities	11,841,584	221,386	564,192	12,627,162
2. Insurance contracts written that constitute assets	0	0	0	0
3. Net carrying amount at 31 December	11,841,584	221,386	564,192	12,627,162

Dynamic of insurance income and contractual service margin of insurance contracts written broken down based upon the existing contracts at the time of the transition to IFRS 17 - Insurance contracts without DPF aggregation base

(in thousands of euro)

	2023					Total
	New contracts and contracts measured at the transition date with the full retroactive application method	Contracts measured at the transition date with the modified retroactive application method	Contracts measured at the transition date with the fair value method	Contracts subject to carve-out		
Insurance income	0	0	0	(184,069)	(184,069)	
Contractual service margin - Initial balances	0	0	0	564,192	564,192	
Changes referring to current services						
Contractual service margin recorded in income statement to reflect services provided	0	0	0	(58,684)	(58,684)	
Changes referring to future services						
- Changes of estimates that modify the contractual service margin	0	0	0	13,064	13,064	
- Effects of contracts initially recorded in financial year of reference	0	0	0	54,553	54,553	
Income/expenses of financial nature						
1. Relating to insurance contracts written	0	0	0	0	0	
2. Effects connected with exchange rate changes	0	0	0	0	0	
3. Total	0	0	0	0	0	
Total changes recorded in income statement and in comprehensive income statement	0	0	0	8,932	8,932	
Contractual service margin - Final balances	0	0	0	573,125	573,125	



(in thousands of euro)

2022					
	New contracts and contracts measured at the transition date with the full retroactive application method	Contracts measured at the transition date with the modified retroactive application method	Contracts measured at the transition date with the fair value method	Contracts subject to carve-out	Total
Insurance income	0	0	0	(173,573)	(173,573)
Contractual service margin - Initial balances	0	0	0	718,530	718,530
Changes referring to current services					
Contractual service margin recorded in income statement to reflect services provided	0	0	0	(58,269)	(58,269)
Changes referring to future services					
- Changes of estimates that modify the contractual service margin	0	0	0	(179,662)	(179,662)
- Effects of contracts initially recorded in financial year of reference	0	0	0	83,592	83,592
Income/expenses of financial nature					
1. Relating to insurance contracts written	0	0	0	0	0
2. Effects connected with exchange rate changes	0	0	0	0	0
3. Total	0	0	0	0	0
Total changes recorded in income statement and in comprehensive income statement	0	0	0	(154,338)	(154,338)
Contractual service margin - Final balances	0	0	0	564,192	564,192

Elements underlying the measurement of insurance contracts written recorded during year T - Insurance contracts without DPF aggregation base

(in thousands of euro)

Items/Groups of contracts	Originated contracts			Contracts acquired in business aggregation operations			Contracts transferred from third parties		
	2023			2023			2023		
	Onerous contracts	Non-onerous contracts	Total	Onerous contracts	Non-onerous contracts	Total	Onerous contracts	Non-onerous contracts	Total
A. Estimate of current value of future outgoing cash flows									
1. Contract acquisition expenses	0	(31,039)	(31,039)	0	0	0	0	0	0
2. Amount of claims and other directly attributable expenses	0	(1,227,447)	(1,227,447)	0	0	0	0	0	0
3. Total	0	(1,258,485)	(1,258,485)	0	0	0	0	0	0
B. Estimate of current value of future incoming cash flows	0	(1,332,051)	(1,332,051)	0	0	0	0	0	0
C. Estimate of net current value of future cash flows (A-B)	0	73,566	73,566	0	0	0	0	0	0
D. Estimate of adjustment for non-financial risks	0	(19,014)	(19,014)	0	0	0	0	0	0
E. Accounting elimination of assets already recorded against cash flows connected with insurance contracts written	0	0	0	0	0	0	0	0	0
F. Contractual service margin	0	(54,553)	(54,553)	0	0	0	0	0	0
G. Increase included in liabilities for insurance contracts written in the year (C+D+E+ F)	0	0	0	0	0	0	0	0	0



(in thousands of euro)

Items/Groups of contracts	Originated contracts			Contracts acquired in business aggregation operations			Contracts transferred from third parties		
	2022			2022			2022		
	Onerous contracts	Non-onerous contracts	Total	Onerous contracts	Non-onerous contracts	Total	Onerous contracts	Non-onerous contracts	Total
A. Estimate of current value of future outgoing cash flows									
1. Contract acquisition expenses	0	(38,148)	(38,148)	0	0	0	0	0	0
2. Amount of claims and other directly attributable expenses	0	(1,326,603)	(1,326,603)	0	0	0	0	0	0
3. Total	0	(1,364,751)	(1,364,751)	0	0	0	0	0	0
B. Estimate of current value of future incoming cash flows	0	(1,470,064)	(1,470,064)	0	0	0	0	0	0
C. Estimate of net current value of future cash flows (A-B)	0	105,313	105,313	0	0	0	0	0	0
D. Estimate of adjustment for non-financial risks	0	(21,721)	(21,721)	0	0	0	0	0	0
E. Accounting elimination of assets already recorded against cash flows connected with insurance contracts written	0	0	0	0	0	0	0	0	0
F. Contractual service margin	0	(83,592)	(83,592)	0	0	0	0	0	0
G. Increase included in liabilities for insurance contracts written in the year (C+D+E+ F)	0	0	0	0	0	0	0	0	0

4. FINANCIAL LIABILITIES

The financial liabilities amounted to € 1,035,912 thousand (€ 1,046,783 thousand at 31 December 2022).

The table below indicates the composition of the item:

(in thousands of euro)

	31.12.2023	31.12.2022	Change
Financial liabilities measured at fair value through profit or loss:			
financial liabilities held for trading	1,685	2,037	(352)
financial liabilities designated at fair value	0	0	0
Financial liabilities measured at amortised cost	1,034,227	1,044,746	(10,519)
Total	1,035,912	1,046,783	(10,871)

4.1 FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial liabilities measured at fair value through profit and loss: product composition and percentage composition

(in thousands of euro)

	Financial liabilities measured at fair value through profit or loss											
	Financial liabilities held for trading				Financial liabilities designated at fair value				Total			
	2023		2022		2023		2022		2023		2022	
	Carrying amount	Comp. %	Carrying amount	Comp. %	Carrying amount	Comp. %	Carrying amount	Comp. %	Carrying amount	Comp. %	Carrying amount	Comp. %
Liabilities from financial contracts written IFRS 9:	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
a) From contracts with performances linked to indexes and shares of UCIs	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
b) Pension funds	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
c) Other financial contracts written	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Non-hedge derivatives	1,066	63.26%	1,991	97.74%	0	0.00%	0	0.00%	1,066	63.26%	1,991	97.74%
Hedge derivatives	619	36.74%	46	2.26%	0	0.00%	0	0.00%	619	36.74%	46	2.26%
Other financial liabilities	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Total	1,685	100.00%	2,037	100.00%	0	0.00%	0	0.00%	1,685	100.00%	2,037	100.00%



4.2 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

Financial Liabilities measured at amortised cost: product composition, percentage composition and fair value hierarchy

(in thousands of euro)

	2023						2022					
	Carrying amount	Comp. %	L1	L2	L3	Fair Value Tot	Carrying amount	Comp. %	L1	L2	L3	Fair value Tot
Financial liabilities with discretionary participation feature	0	0.00%	0	0	0	0	0	0.00%	0	0	0	0
Subordinated liabilities	0	0.00%	0	0	0	0	0	0.00%	0	0	0	0
Debt securities issued	0	0.00%	0	0	0	0	13,022	1.25%	0	12,486	0	12,486
Other loans received	1,034,227	100.00%	0	0	1,034,227	1,034,227	1,031,724	98.75%	0	0	1,031,724	1,031,724
a) from banks	111,291	10.76%	X	X	X	X	115,071	11.01%	X	X	X	X
b) from customers	922,936	89.24%	X	X	X	X	916,653	87.74%	X	X	X	X
Total	1,034,227	100.00%	0	0	1,034,227	1,034,227	1,044,746	100.00%	0	12,486	1,031,724	1,044,210

Leasing liabilities measured at amortised cost

The leasing liabilities at 31 December 2023 amounted to € 26,135 thousand and are included in the balance sheet item Financial liabilities measured at amortised cost. The following table indicates the expiry dates of the leasing liabilities.

(data in € thousands)

	31.12.2023
Expiry less than one year	10,747
Expiry between 1 and 2 years	6,835
Expiry between 2 and 3 years	6,412
Expiry between 3 and 4 years	1,243
Expiry between 4 and 5 years	513
Expiry beyond 5 years	385
Total leasing liabilities	26,135

5. PAYABLES

(in thousands of euro)

	31.12.2023	31.12.2022	Change
Payables arising out of direct insurance operations	142,752	144,098	(1,346)
Other payables	342,221	355,030	(12,809)
Total	484,973	499,128	(14,155)

Other payables:

(in thousands of euro)

	31.12.2023	31.12.2022	Change
Employee termination indemnities	10,815	10,764	51
Payables for taxes on behalf of policyholders	87,627	78,483	9,144
Payables for miscellaneous taxes	22,214	22,415	(201)
Payables to welfare and social security institutes	13,148	13,114	34
Payables to suppliers	109,153	134,540	(25,387)
Tenants' security deposits	8,548	12,650	(4,102)
Personnel management	30,206	25,657	4,549
Other various payables	60,510	57,407	3,103
Total	342,221	355,030	(12,809)

With respect to the Italian TFR (termination indemnities), in accordance with Law no. 296 of 27 December 2006, companies with at least 50 employees are required to pay every month, and as selected by the employee, the termination indemnities accrued after 1 January 2007 to the supplementary pension funds under Legislative Decree no. 252/05 or to a specific Fund for private sector employees (INPS) under article 2120 of the Italian Civil Code based on the election of employees.

6. OTHER LIABILITIES

(in thousands of euro)

	31.12.2023	31.12.2022	Change
Liabilities of a disposal group held for sale	0	489	(489)
Current tax liabilities	42,432	37,403	5,029
Deferred tax liabilities	638,734	804,252	(165,518)
Other liabilities	173,829	149,776	24,053
Total	854,995	991,920	(136,925)

Deferred tax liabilities, equal to € 638,734 thousand, reflect the fiscal effect of all temporary differences of a financial or economic nature that are expected to reverse in future years.

The item other liabilities includes, in accordance with IVASS Regulation no. 7, liabilities relating to defined benefits and other long-term employee benefits, other than termination indemnities, for an amount of € 25,856 thousand. These refer in particular to health coverage for retired directors, seniority bonuses paid to employees according to the national collective bargaining agreement, and also the additional Company Pension Fund set up at the Parent Company.

With regard to the additional pension fund of the Parent, specific assets hedging the pension plan for an amount equal to the liability stated are recognised under AFS financial assets. 8.3 Information regarding the Consolidated Balance Sheet



8.4 Information on the consolidated income statement

1. INSURANCE INCOME FROM INSURANCE CONTRACTS WRITTEN
2. EXPENSES FOR INSURANCE SERVICES FROM INSURANCE CONTRACTS WRITTEN
- 3.5 NET INSURANCE INCOME/EXPENSES FROM REINSURANCE CESSIONS

Insurance income and expenses from insurance contracts written - Composition

(in thousands of euro)

Aggregation items\bases	Life - Insurance cont. with DPF 31.12.2023	Life - Insurance cont. no DPF 31.12.2023	Non-Life - Motor 31.12.2023	Non-Life - Non-Motor 31.12.2023	31.12.2023
A. Insurance income from insurance contracts written measured based upon GMM and VFA					
A.1 Amounts connected with changes of liabilities for residual cover	174,786	95,642	0	313,069	583,497
1. Claims occurring and other expenses for expected insurance services	101,060	58,385	0	172,915	332,360
2. Changes of adjustment for non-financial risks (+/-)	15,042	2,650	0	5,452	23,144
3. Contractual service margin recorded in income statement to reflect services provided	58,684	34,611	0	17,863	111,158
4. Other amounts (+/-)	0	(4)	0	116,839	116,835
A.2 Recovered insurance contract acquisition expenses	9,283	3,984	0	27,381	40,648
A.3 Total insurance income from insurance contracts written measured based upon the GMM or VFA	184,069	99,626	0	340,450	624,145
A.4 Total insurance income from insurance contracts written measured based upon the PAA					3,393,203
- Life business	x	x	x	x	24,167
- Non-life business - motor	x	x	x	x	1,688,361
- Non-life business - non-motor	x	x	x	x	1,680,675
A.5 Total Insurance income from insurance contracts written	184,069	99,626	0	340,450	4,017,348
B. Expenses for insurance services from insurance contracts written – GMM or VFA					
1. Claims occurring and other directly attributable expenses	(99,937)	(31,158)	0	(386,671)	(517,766)
2. Changes of liabilities for claims occurring (+/-)	(9,336)	(2,011)	0	(129,453)	(140,800)
3. Losses on onerous contracts and recovery of those losses (+/-)	3,686	3,500	0	(23,032)	(15,846)
4. Amortisation of insurance contract acquisition expenses	(9,283)	(3,986)	0	(35,042)	(48,311)
5. Other amounts (+/-)	0	(1)	0	(2)	(3)
B.6 Total expenses for insurance services from insurance contracts written – GMM or VFA (+/-)	(114,870)	(33,656)	0	(574,200)	(722,726)
B.7 Total expenses for insurance services from insurance contracts written measured based upon the PAA					(3,349,440)
- Life business	x	x	x	x	(19,308)
- Non-life business - motor	x	x	x	x	(1,595,033)
- Non-life business - non-motor	x	x	x	x	(1,735,099)
C. Total net expenses/income from insurance contracts written (A.5 + B.6 + B.7)	69,199	65,970	0	(233,750)	(54,818)

(in thousands of euro)

Aggregation items\bases	Life - Insurance cont. with DPF 31.12.2022	Life - Insurance cont. no DPF 31.12.2022	Non-Life - Motor 31.12.2022	Non-Life - Non- Motor 31.12.2022	31/12/2022
A. Insurance income from insurance contracts written measured based upon the GMM or VFA					
A.1 Amounts connected with changes of liabilities for residual cover	171,051	97,083	0	268,873	537,007
1. Claims occurring and other expenses for expected insurance services	103,025	59,064	0	113,001	275,090
2. Changes of adjustment for non-financial risks (+/-)	9,762	3,814	0	3,972	17,548
3. Contractual service margin recorded in income statement to reflect services provided	58,269	34,189	0	40,611	133,069
4. Other amounts (+/-)	(5)	16	0	111,289	111,300
A.2 Recovered insurance contract acquisition expenses	2,522	1,869	0	31,032	35,423
A.3 Total insurance income from insurance contracts written measured based upon the GMM or VFA	173,573	98,952	0	299,905	572,430
A.4 Total insurance income from insurance contracts written measured based upon the PAA					3,289,555
- Life business	x	x	x	x	21,658
- Non-life business - motor	x	x	x	x	1,596,778
- Non-life business - non-motor	x	x	x	x	1,671,119
A.5 Total Insurance income from insurance contracts written	173,573	98,952	0	299,905	3,861,985
B. Expenses for insurance services from insurance contracts written – GMM or VFA					
1. Claims occurring and other directly attributable expenses	(78,209)	(25,118)	0	(264,169)	(367,496)
2. Changes of liabilities for claims occurring (+/-)	(29,778)	409	0	(103,649)	(133,018)
3. Losses on onerous contracts and recovery of those losses (+/-)	(7,127)	(5,277)	0	(489)	(12,893)
4. Amortisation of insurance contract acquisition expenses	(2,522)	(1,872)	0	(32,550)	(36,944)
5. Other amounts (+/-)	0	0	0	(167)	(167)
B.6 Total expenses for insurance services from insurance contracts written – GMM or VFA (+/-)	(117,636)	(31,858)	0	(401,024)	(550,518)
B.7 Total expenses for insurance services from insurance contracts written measured based upon the PAA					(2,948,058)
- Life business	x	x	x	x	(19,119)
- Non-life business - motor	x	x	x	x	(1,522,839)
- Non-life business - non-motor	x	x	x	x	(1,406,100)
C. Total net expenses/income from insurance contracts written (A.5 + B.6 + B.7)	55,937	67,094	0	(101,119)	363,409



Net insurance income and expenses from reinsurance cessions - Composition

(in thousands of euro)

Aggregation items\bases	Life			Non-Life		
	31.12.2023	31.12.2023	31.12.2023	31.12.2022	31.12.2022	31/12/2022
A. Allocation of premiums paid relating to reinsurance cessions measured based upon the GMM	(34,713)	(12,549)	(47,262)	(33,770)	(14,856)	(48,626)
A.1 Amounts connected with changes of assets for residual cover	(34,713)	(12,549)	(47,262)	(33,770)	(14,856)	(48,626)
1. Amount of claims and other expected recoverable expenses	(23,252)	(11,906)	(35,158)	(33,770)	(11,807)	(45,577)
2. Changes of adjustment for non-financial risks	0	(272)	(272)	0	(241)	(241)
3. Contractual service margin recorded in income statement for services received	(11,461)	379	(11,082)	0	(2,296)	(2,296)
4. Other amounts	0	(750)	(750)	0	(512)	(512)
A.2 Other expenses directly attributable to reinsurance cessions						
A.3 Allocation of premiums paid relating to reinsurance cessions measured based upon the PAA	(4,693)	(446,071)	(450,764)	(4,046)	(441,501)	(445,547)
B. Total expenses from reinsurance cessions (A.1+A.2+A.3)	(39,406)	(458,620)	(498,026)	(37,816)	(456,357)	(494,173)
C. Effects of changes of default risk by reinsurers	(33)	(3)	(36)	0	4	4
D. Amount of claims and other recovered expenses	36,909	538,220	575,129	33,823	377,050	410,873
E. Changes of assets for claims occurring	110	144,573	144,683	144	(14,741)	(14,597)
F. Other recoveries	0	1,502	1,502	0	116	116
G. Total net expenses/income from reinsurance cessions (B+C+D+E+F)	(2,420)	225,672	223,252	(3,849)	(93,928)	(97,777)

Breakdown of expenses for insurance services and other services

(in thousands of euro)

Aggregation expenses\Bases	Life - Insurance cont. with DPF 31.12.2023	Life - Insurance cont. no DPF 31.12.2023	Life 31.12.2023	Non-Life - Motor 31.12.2023	Non-Life - Non-Motor 31.12.2023	Non-Life 31.12.2023	Other 31.12.2023
Expenses attributed to acquisition of insurance contracts	(9,283)	(14,484)	(23,767)	(310,113)	(409,870)	(719,983)	X
Other directly attributable expenses	(105,587)	(38,480)	(144,067)	(1,284,922)	(1,899,428)	(3,184,350)	X
Investment management expenses	X	X	(1,351)	X	X	(9,493)	(32,261)
Other expenses	X	X	(23,113)	X	X	(136,446)	(47,130)
Total	X	X	(192,298)	X	X	(4,050,272)	(79,391)

(in thousands of euro)

Aggregation expenses\Bases	Life - Insurance cont. with DPF 31.12.2022	Life - Insurance cont. no DPF 31.12.2022	Life 31.12.2022	Non-Life - Motor 31.12.2022	Non-Life - Non-Motor 31.12.2022	Non-Life 31.12.2022	Other 31.12.2022
Expenses attributed to acquisition of insurance contracts	(2,522)	(10,869)	(13,391)	(293,544)	(416,092)	(709,636)	X
Other directly attributable expenses	(115,114)	(40,108)	(155,222)	(1,229,295)	(1,391,032)	(2,620,327)	X
Investment management expenses	X	X	(1,005)	X	X	(9,678)	(37,268)
Other expenses	X	X	(23,407)	X	X	(126,539)	(55,070)
Total	X	X	(193,025)	X	X	(3,466,180)	(92,338)

Adjustments/write-backs for credit risk

(in thousands of euro)

	Value re-adjustments				Reversals of write-downs			
	First stage	Of which assets with low credit risk	Second stage	Third stage	First stage	Of which assets with low credit risk	Second stage	Third stage
Government bonds	(165)	0	0	0	312	0	0	0
Other debt securities	(1,152)	0	(92)	(1,783)	154	0	27	7
Loans and receivables	(156)	0	(492)	(5,230)	397	0	0	696
- from banks	0	0	0	0	0	0	0	0
- from customers	(156)	0	(492)	(5,230)	397	0	0	696
Total 2023	(1,473)	0	(584)	(7,013)	863	0	27	703
Total 2022	(2,350)	0	(694)	(3,758)	860	0	214	249



Net expenses and income of financial nature relating to insurance contracts written

(in thousands of euro)

	Life - Insurance cont. with DPF 31.12.2023	Life - Insurance cont. no DPF 31.12.2023	Non-Life 31.12.2023	31.12.2023
1. Interest accrued	32	(1,002)	(1,372)	(2,342)
2. Effects of changes of interest rates and other financial assumptions	(19)	696	(369)	308
3. Changes of fair value of assets underlying contracts measured based upon the VFA	(531,129)			(531,129)
4. Effects of changes of exchange rates			0	0
5. Other				0
6. Total net income/expenses of financial nature relating to insurance contracts written recorded in the income statement	(531,116)	(306)	(1,741)	(533,163)

(in thousands of euro)

	Life - Insurance cont. with DPF 31.12.2022	Life - Insurance cont. no DPF 31.12.2022	Non-Life 31.12.2022	31.12.2022
1. Interest accrued	30	1,148	456	1,634
2. Effects of changes of interest rates and other financial assumptions	0	(58)	3,730	3,672
3. Changes of fair value of assets underlying contracts measured based upon the VFA	146,447			146,447
4. Effects of changes of exchange rates			0	0
5. Other				0
6. Total net income/expenses of financial nature relating to insurance contracts written recorded in the income statement	146,477	1,090	4,186	151,753

Net income and expenses of financial nature relating to reinsurance cessions

(in thousands of euro)

Aggregation items/bases	Life 31.12.2023	Non-Life 31.12.2023	31.12.2023	Life 31.12.2022	Non-Life 31.12.2022	31.12.2022
	1. Interest accrued	(1,907)		(21)	(1,928)	
2. Effects of changes of interest rates and other financial assumptions	0	(46)	(46)	0	(718)	(718)
3. Effects of changes of exchange rates		0	0		0	0
4. Others			0			0
5. Total net income/expenses of financial nature relating to reinsurance cessions	(1,907)	(67)	(1,974)	(2,241)	(801)	(3,042)

Insurance operations - Net financial result of investments broken down by life business and non-life business

(in thousands of euro)

	Life business		Non-life business	Total
	31.12.2023	Of which DPF	31.12.2023	31.12.2023
A. FINANCIAL RESULT IN INVESTMENTS				
A.1 Interest income from financial assets measured at amortised cost and at fair value through other comprehensive income	255,217	240,888	69,679	324,896
A.2 Net profits/losses of assets measured at fair value through profit and loss	260,586	258,956	38,895	299,481
A.3 Adjustments/write-backs of net value for credit risk	(883)	(808)	112	(771)
A.4 Other net income /expenses	3,873	(7,274)	61,804	65,677
A.5 Net capital gains/losses of financial assets measured at fair value through other comprehensive income	637,856	605,147	130,169	768,025
B. NET CHANGE OF INVESTMENT CONTRACTS WRITTEN IFRS 9				
C. TOTAL NET FINANCIAL RESULT OF INVESTMENTS	1,156,649	1,096,908	300,659	1,457,308
of which: recorded in income statement	518,793	491,761	170,490	689,283
of which: recorded in comprehensive income statement	637,856	605,147	130,169	768,025

(in thousands of euro)

	Life business		Non-life business	Total
	31/12/2022	Of which DPF	31.12.2022	31.12.2022
A. FINANCIAL RESULT IN INVESTMENTS				
A.1 Interest income from financial assets measured at amortised cost and at fair value through other comprehensive income	223,160	219,185	29,642	252,802
A.2 Net profits/losses of assets measured at fair value through profit and loss	(419,009)	(417,034)	(31,734)	(450,743)
A.3 Adjustments/write-backs of net value for credit risk	(587)	(557)	162	(425)
A.4 Other net income /expenses	39,902	22,316	93,185	133,087
A.5 Net capital gains/losses of financial assets measured at fair value through other comprehensive income	(2,598,510)	(2,540,788)	(302,823)	(2,901,333)
B. NET CHANGE OF INVESTMENT CONTRACTS WRITTEN IFRS 9				
C. TOTAL NET FINANCIAL RESULT OF INVESTMENTS	(2,755,044)	(2,716,877)	(211,568)	(2,966,612)
of which: recorded in income statement	(156,534)	(176,089)	91,255	(65,279)
of which: recorded in comprehensive income statement	(2,598,510)	(2,540,788)	(302,823)	(2,901,333)



Insurance operations - Summary of economic results broken down by life business and non-life business

(in thousands of euro)

Summary of results/Operating businesses	31.12.2023			31.12.2022		
	Life business	Non-life business	Total	Life business	Non-life business	Total
A. Financial results						
A.1 Amounts recorded in income statement						
1. Total net financial result of investments	518,793	170,490	689,283	(156,534)	91,255	(65,279)
2. Net income/expenses of financial nature of insurance contracts	(533,328)	(1,808)	(535,136)	145,326	3,386	148,712
3. Total	(14,535)	168,682	154,147	(11,208)	94,641	83,433
A2. Amounts recorded in comprehensive income statement						
1. Total net financial result of investments	637,856	130,169	768,025	(2,598,510)	(302,823)	(2,901,333)
2. Net income/expenses of financial nature of insurance contracts	(610,451)	(92,658)	(703,109)	2,569,746	221,946	2,791,692
3. Total	27,405	37,511	64,916	(28,764)	(80,877)	(109,641)
B. Insurance and financial net result						
1. Net result of insurance services	137,608	30,826	168,434	121,721	143,911	265,632
2. Total net financial result of investments	1,156,649	300,659	1,457,308	(2,755,044)	(211,568)	(2,966,612)
3. Net result of financial nature of insurance contracts	(1,143,779)	(94,466)	(1,238,245)	2,715,072	225,332	2,940,404
4. Total	150,478	237,019	387,497	81,749	157,675	239,424

6. INCOME/EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS

The table below gives a breakdown of income and expenses arising from financial assets and liabilities at fair value through profit or loss.

(in thousands of euro)

	Net interests	Other Income/ Expenses	Realised profits/losses	Valuation profits/ losses	31.12.2023	31.12.2022	Change
Arising on: Fin. assets/liabilities designated at FVTPL	23,707	(36,417)	23,767	211,308	222,365	(397,246)	619,611
Fin. assets/liabilities held for trading	(300)	0	205	172	77	3,280	(3,203)
Fin. assets/liabilities mandatorily measured at fair value	9,226	12,846	20,445	35,232	77,749	(54,974)	132,723
Total	32,633	(23,571)	44,417	246,712	300,191	(448,940)	749,131

7. INCOME/EXPENSES FROM EQUITY INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The item, which amounted to € 44,841 thousand (€ 5,503 thousand at 31 December 2022) mainly comprises the pro rata share of the positive result of Credem Assicurazioni and the capital gain from valuation, amounting to € 39,906 thousand, of the equity investment held by Blue Assistance in Insalute Servizi.

8. INCOME/EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES AND FROM INVESTMENT PROPERTY

Income:

(in thousands of euro)

	Net interest	Other Income/ Expenses	Realised profits/losses	Valuation profits/ losses	31.12.2023	31.12.2022	Change
Arising on: Fin. Assets/liabilities measured at amortised cost	56,358	504	(80)	1,093	57,875	27,524	30,351
Fin. Assets/liabilities at fv through other comprehensive income	314,014	4,526	2,654	500	321,695	291,373	30,322
Investment property	0	74,927	35,498	38	110,463	111,375	(912)
Total	370,372	79,957	38,072	1,631	490,033	430,272	59,761

Expenses:

(in thousands of euro)

	Net interest	Other Income/ Expenses	Realised profits/losses	Valuation profits/ losses	31.12.2023	31.12.2022	Change
Arising on: Fin. assets/liabilities measured at amortised cost	(11,619)	(15)	(139)	(5,878)	(17,651)	(9,383)	(8,268)
Fin. assets/liabilities at fv through other comprehensive income	0	(228)	(9,196)	(3,192)	(12,616)	(9,947)	(2,669)
Investment property	0	0	(252)	(14,369)	(14,621)	(18,747)	4,126
Total	(11,619)	(243)	(9,587)	(23,439)	(44,888)	(38,077)	(6,811)



10. NET EXPENSES/INCOME OF FINANCIAL NATURE RELATING TO INSURANCE CONTRACTS WRITTEN

The item has a negative balance of € 533,163 thousand, against a positive balance of € 151,753 thousand as at 31 December 2022 and includes the impact of the change in carrying value of insurance contracts written with the effects and changes of the time value of cash (capitalisation of cash flows recorded with the GMM and VFA method at the locked in rate and capitalisation of the CSM), and the application, for insurance contracts recorded with the VFA method, of so-called "mirroring". With reference to the latter component, it is noted that Reale Group has adopted the option of zeroing the net financial income deriving from financial assets underlying the insurance contracts recorded with the VFA method, avoiding accounting asymmetries in the measurement of assets and liabilities.

11. NET INCOME/EXPENSES OF FINANCIAL NATURE RELATING TO REINSURANCE CESSIONS

The item, relating to changes in the carrying value of reinsurance cessions connected with the effects and changes of the time value of cash, has a negative balance of € 1,973 thousand, against a negative balance of € 3,042 thousand as at 31 December 2022.

13. OTHER INCOME/EXPENSES

Other income:

(in thousands of euro)

	31.12.2023	31.12.2022	Change
Positive exchange differences	6,358	14,010	(7,652)
Other income and recoveries	46,255	43,440	2,815
Other out-of-period income	11,673	13,016	(1,343)
Bank commissions receivable	9,883	10,729	(846)
Total	74,169	81,195	(7,026)

Other expenses:

(in thousands of euro)

	31.12.2023	31.12.2022	Change
Negative exchange differences	(5,571)	(10,517)	4,946
Sundry taxes	(3,612)	(5,446)	1,834
Other charges	(17,722)	(16,639)	(1,083)
Other out-of-period expense	(10,599)	(14,411)	3,812
Bank commissions payable	(9,626)	(8,058)	(1,568)
Total	(47,130)	(55,071)	7,941

14. OPERATING EXPENSES

The operating expenses amounted to € 194,424 thousand, against a balance of € 187,996 thousand as at 31 December 2022. The item includes expenses incurred by the Group's insurance companies not attributable to insurance contracts for € 170,403 thousand.

15. NET PROVISIONING TO RISKS AND CHARGES PROVISIONS

The item had a net positive balance at € 8,786 thousand, against a positive balance of € 20,753 thousand in the previous year.

16. NET ADJUSTMENTS/WRITE-BACKS ON TANGIBLE ASSETS

The item is completely comprised of the depreciation of properties for business use and of furniture, plant and equipment. It has a negative balance of € 15,631 thousand, against a negative balance of € 15,489 thousand as at 31 December 2022.

17. NET ADJUSTMENTS/WRITE-BACKS ON INTANGIBLE ASSETS

The item is completely comprised of the amortisation on intangible assets and has a negative balance of € 45,535 thousand, against a negative balance of € 39,452 thousand in the previous year.

20. TAXES

Taxes amounted to € 46,783 thousand and comprise current taxes of € 50,095 thousand and a change in deferred tax assets and liabilities for € 3,312 thousand.

Current Italian taxes and the taxes of foreign subsidiaries were determined applying the nominal rates in force at the balance sheet date to the respective tax bases.

Deferred tax assets and liabilities have been calculated applying the rates that will presumably be in force on the date when these will reverse.

The following table indicates the reconciliation between the tax charges recorded in the financial statements and the theoretical tax charge, calculated on the basis of IRES charged at the nominal rate of 24% in force for 2023: In order to render the reconciliation more meaningful, IRAP tax is not taken into consideration, as the taxable base of that tax is different and, therefore, not comparable, to the income before taxes.

	(in thousands of euro)	
	2023	
	Amount	Tax rate
Pre-tax result for the year	203,701	
Theoretical income taxes (excluding IRAP)	48,888	24.00%
Tax effect of permanent differences	(13,167)	-6.46%
Tax effect of foreign tax rates	(2,566)	-1.26%
Tax effect of consolidated companies on Shareholders' equity	(1,233)	-0.61%
Substitute tax on capital gain from real estate fund contribution	5,999	2.95%
Tax effect of other changes	(2,028)	-1.00%
IRES income tax (excluding IRAP)	35,893	17.62%
IRAP income tax	10,890	5.35%
Total income tax recognised in the financial statements	46,783	22.97%



Application of Global Minimum Tax (GloBe)

The Pillar II project was established in 2013 as part of the BEPS Action Plan, developed by the Organisation for Economic Cooperation and Development (“OECD”), driven by the main global economic forces.

Represented by a coordinated set of provisions aimed at ensuring that multinational enterprises face, in all jurisdictions in which they operate, an effective tax level not less than 15%, the project pursues the aim of achieving, at global level, competitive equality between enterprises, by stopping the race to the bottom of tax rates and promoting efficient investment and localisation decisions of business activities.

At European level, the main core of the Pillar II agreement (reached at the OECD/G20 meeting) was transposed with the publication, in the Official Journal of the EU of 22 December 2022, of Directive no. 2523/2022; while, in Italy, the provisions contained in the EU Directive were implemented by Legislative Decree no. 209 of 27 December 2023 “implementation of the tax reform on international taxation”. In particular, it was planned to introduce a Global Minimum Tax regime commencing from 1 January 2024 which fully follows the guidelines provided by the OECD and reported in the EU Directive.

In this context, the pillar II legislation, given the novelty and complexity underlying the determination of the effective taxation level, envisages for the initial periods of effectiveness (financial years commencing before 31 December 2026 and ending not beyond 30 June 2028), the possibility of applying a simplified regime - known as transitional safe harbours - based mainly on accounting information available for each relevant jurisdiction which, if at least one of the tests envisaged by the legislation is passed, involves the reduction of the compliance obligations and the zeroing of the sums calculated based upon that legislation.

Non-EU countries are then to be added (in one of which the Group is present) which could, in the near future, implement the same legislation.

Given the regulatory context described above, with effect from 1 January 2024, Reale Group, as a multinational group that exceeds the threshold of revenues of € 750 million in at least two of the four financial years, falls within the scope of application of Legislative Decree no. 209 of 27 December 2023.

Taking account of the information known or reasonably estimable at the year-end date, the Group is organising and preparing for compliance with that legislation, also in order to manage its exposure for subsequent periods, by preparing appropriate systems and procedures aimed at:

- identifying, localising and characterising, on an ongoing basis, the Group companies in the perimeter of Pillar II;
- carrying out, for each relevant jurisdiction in which the Group operates, the simplified tests (known as transitional safe harbours), in order to enjoy the related benefits in terms of reduction of compliance obligations and zeroing of Pillar II taxes;
- carrying out complete and detailed calculations of the relevant amounts as required by the legislation for any jurisdiction that do not pass any of the aforementioned tests.

In fact, the exposure to Pillar II income taxes results, with regard to all Group companies (and any entities under joint control) that are located in each individual jurisdiction, from the level of effective taxation conditioned, in turn, by numerous interconnected factors such as income produced therein, nominal rate level and tax rules for determining the taxable base.

Accordingly, the potential impacts deriving from the application of the GloBe rules are currently under analysis, although Reale Group operates mainly in jurisdictions in which the corporate income tax rate is higher than 15%. Therefore, considering also that at the closing date of the financial statements, the rule is not effective in any of the countries in which the Group operates, no currently taxes have been identified.

8.5 Segment reporting

The items of the balance sheet and income statement according to sector of business are detailed in the tables below.

Company: SOCIETÀ REALE MUTUA DI ASS.NI

Balance Sheet by business sector

	Non-life business		Life business	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
1. INTANGIBLE ASSETS	173,844	174,407	972	1,045
2. TANGIBLE ASSETS	167,150	170,169	750	494
3. INSURANCE ASSETS	791,220	451,737	51,580	45,663
3.1 Insurance contracts written that constitute assets	34	34	108	0
3.2 Reinsurance cessions that constitute assets	791,186	451,703	51,471	45,663
4. INVESTMENTS	5,789,520	5,560,142	13,582,653	13,335,849
4.1 Investment property	31,079	31,411	0	0
4.2 Equity investments in associates and joint ventures	1,859,574	1,846,888	485,894	485,894
4.3 Financial assets measured at amortised cost	39,319	39,199	16	29
4.4 Financial assets at fair value through other comprehensive income	3,347,119	2,950,274	9,955,497	9,961,919
4.5 Financial assets at fair value through profit or loss	512,430	692,370	3,141,247	2,888,008
5. OTHER FINANCIAL ASSETS	654,003	657,767	287,524	259,657
6. OTHER ASSETS	515,206	479,420	512,795	607,939
7. CASH AT BANK AND IN HAND AND CASH EQUIVALENTS	153,324	134,180	146,037	155,876
TOTAL ASSETS	8,244,267	7,627,822	14,582,310	14,406,522
1. SHAREHOLDERS' EQUITY	3,231,809	3,169,591	1,051,386	969,932
2. PROVISIONS FOR RISKS AND CHARGES	57,739	63,057	19,392	21,907
3. INSURANCE LIABILITIES	4,216,208	3,678,350	13,095,229	12,835,238
3.1 Insurance contracts written	4,215,673	3,678,002	13,094,874	12,835,238
3.2 Reinsurance cessions	535	348	355	0
4. FINANCIAL LIABILITIES	7,214	8,758	316	919
4.1 Financial liabilities measured at fair value through profit or loss	0	0	216	833
4.2 Financial liabilities measured at amortised cost	7,214	8,758	100	85
5. PAYABLES	327,507	315,588	73,988	78,675
6. OTHER LIABILITIES	403,790	392,477	341,999	499,850
TOTAL LIABILITIES AND EQUITY	8,244,267	7,627,822	14,582,310	14,406,522



Financial: 2023

(in thousands of euro)

Real property and services		Banking		Trans-sectoral cancellations and adjustments		Total	
31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
153,658	142,515	1,535	800	86,151	86,151	416,160	404,918
95,167	95,622	4,967	4,770	(616)	(627)	267,418	270,428
0	0	0	0	0	0	842,800	497,400
0	0	0	0	0	0	142	34
0	0	0	0	0	0	842,658	497,366
1,235,184	1,192,410	1,128,097	1,215,579	(2,478,992)	(2,425,469)	19,256,463	18,878,512
849,598	884,490	0	0	(5,242)	(5,242)	875,434	910,659
203,365	125,033	13	13	(2,471,754)	(2,418,233)	77,091	39,594
5,254	5,374	773,552	749,501	(1,996)	(1,994)	816,145	792,109
70,117	47,013	350,519	461,516	0	0	13,723,253	13,420,722
106,851	130,501	4,013	4,550	0	0	3,764,541	3,715,428
60,198	49,958	12,083	13,185	(93,683)	(46,104)	920,125	934,463
71,443	41,638	28,297	25,097	(10,354)	(10,657)	1,117,387	1,143,437
46,363	37,967	183,148	61,783	(209,490)	(199,110)	319,381	190,696
1,662,013	1,560,111	1,358,127	1,321,215	(2,706,984)	(2,595,817)	23,139,733	22,319,853
1,392,126	1,302,232	83,953	71,240	(2,392,641)	(2,339,120)	3,366,634	3,173,875
7,530	8,478	1,122	1,116	0	0	85,783	94,559
0	0	0	0	0	0	17,311,437	16,513,588
0	0	0	0	0	0	17,310,546	16,513,240
0	0	0	0	0	0	891	348
48,218	51,969	1,191,650	1,186,241	(211,486)	(201,104)	1,035,912	1,046,783
0	1,158	1,470	46	0	0	1,685	2,037
48,218	50,812	1,190,180	1,186,195	(211,486)	(201,104)	1,034,227	1,044,746
140,626	119,010	36,537	31,961	(93,685)	(46,106)	484,973	499,128
73,512	78,421	44,865	30,658	(9,172)	(9,487)	854,994	991,920
1,662,013	1,560,111	1,358,127	1,321,215	(2,706,984)	(2,595,817)	23,139,733	22,319,853

Company: SOCIETÀ REALE MUTUA DI ASS.NI

Income Statement by business sector

	Non-life business		Life business	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
1. INSURANCE INCOME FROM INSURANCE CONTRACTS WRITTEN	3,709,486	3,567,802	307,862	294,183
2. EXPENSES FOR INSURANCE SERVICES FROM INSURANCE CONTRACTS WRITTEN	(3,904,332)	(3,329,962)	(167,834)	(168,613)
3.5 NET INSURANCE INCOME/EXPENSES FROM REINSURANCE CESSIONS	225,672	(93,929)	(2,420)	(3,849)
5. INSURANCE SERVICES RESULT (+/-)	30,826	143,911	137,608	121,721
6. INCOME/EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS (+/-)	38,895	(31,734)	260,586	(419,009)
7. INCOME/EXPENSES FROM EQUITY INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (+/-)	0	0	0	0
8. INCOME/EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES AND FROM INVESTMENT PROPERTY (+/-)	76,866	41,765	246,615	245,183
9. RESULT OF INVESTMENTS (+/-)	115,761	10,031	507,201	(173,826)
10. NET EXPENSES/INCOME OF FINANCIAL NATURE RELATING TO INSURANCE CONTRACTS WRITTEN (+/-)	(1,741)	4,186	(531,422)	147,567
11. NET INCOME/EXPENSES OF FINANCIAL NATURE RELATING TO REINSURANCE CESSIONS (+/-)	(67)	(801)	(1,907)	(2,241)
12. NET FINANCIAL RESULT (+/-)	113,953	13,416	(26,128)	(28,500)
13. OTHER INCOME/EXPENSES (+/-)	4,952	(1,031)	197	(2,316)
14. OPERATING EXPENSES	(151,767)	(142,582)	(24,508)	(24,464)
15. OTHER INCOME/EXPENSES (+/-)	(4,478)	8,415	(676)	504
16. PROFIT (LOSS) FOR THE YEAR BEFORE TAXES (+/-)	(6,514)	22,129	86,494	66,946



2023 financial year
(in thousands of euro)

Real property and services		Banking		Trans-sectoral cancellations and adjustments		Total	
31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
0	0	0	0	0	0	4,017,348	3,861,985
0	0	0	0	0	0	(4,072,166)	(3,498,576)
0	0	0	0	0	0	223,252	(97,777)
0	0	0	0	0	0	168,434	265,632
728	1,784	(19)	19	0	0	300,191	(448,940)
39,703	0	0	0	5,137	5,503	44,841	5,503
94,232	91,753	21,924	13,845	5,510	(351)	445,145	392,195
134,662	93,537	21,905	13,865	10,647	5,152	790,176	(51,242)
0	0	0	0	0	0	(533,163)	151,753
0	0	0	0	0	0	(1,973)	(3,042)
134,662	93,537	21,905	13,865	10,647	5,152	255,040	97,470
212,886	198,414	23,354	26,389	(214,350)	(195,333)	27,039	26,124
(195,080)	(186,895)	(31,899)	(29,728)	208,830	195,673	(194,424)	(187,996)
(45,263)	(41,349)	(1,983)	(1,770)	11	11	(52,388)	(34,189)
107,206	63,707	11,378	8,756	5,137	5,503	203,701	167,041

8.6 Information regarding risks

1. REALE GROUP RISK MANAGEMENT¹

INTRODUCTION

Recent changes in the insurance market, oriented towards ever increasing attention to policyholder protection and market stability, have ushered in various regulations, also at Community level, regarding internal control and risk management systems.

While prioritising regulatory issues and sound, prudent management criteria, Reale Group's risk management policy also takes into account the mutualistic nature of the Parent. Accordingly, constant upgrading of the risk management system, essential in promoting continuing development and continuity of each Group company, is a pivotal aspect of Group strategy, also with regard to maintaining full autonomy and independence from external centres of control and capitalisation.

1.1 The risk management organisational model

Reale Group's risk management system is directed towards maintaining risks at an acceptable level, consistent with the capital assets of each company and of the entire Group.

To achieve this objective, the Group risk management system establishes the following roles and responsibilities for each Group company:

- The Board of Directors is responsible for defining risk management directives (the suite of most significant risk strategies and underwriting, measurement and management policies), for defining risk appetite and tolerance (RAF - Risk Appetite Framework) and for checking correct application of the risk management system by senior management, in order to guarantee the safeguarding of company assets, including in the medium and long term.
- the Group Control and Risk Committee offers advice and puts forward proposals. It supports the Board of Directors with regard to the system of internal controls and risk management;
- Top Management is responsible for risk management system application, maintenance and monitoring.
- the Group C.R.O. & General Counsel, with the task of coordinating the Group's second level control functions (Anti-Money Laundering, Compliance, Information Security and Data Protection, Risk Management and Actuarial Control) and of managing the Group Legal Affairs Service and the General Secretariat;
- the Group Chief Risk Management Officer, set up at the Parent Company, is responsible for supporting the Board of Directors and Top Management in defining assessment methodologies and drawing up analyses for risk evaluation, measurement and control and also for coordinating risk monitoring activities;
- the Group Actuarial Function and Validation, set up at the Parent Company, monitors technical provisions, reviews the underwriting policy, reinsurance agreements and contributes towards effective implementation of the risk management system;

¹ The definition of Group and related scope of analysis has been determined in accordance with IVASS Regulation No. 22/2016



- the Group Compliance function, set up at the Parent Company, assesses the adequacy of corporate organisation and procedures to prevent the risk of incurring judicial or administrative sanctions, incurring capital losses or reputational damage deriving from infringement of laws, regulations or European rules directly applicable or orders of the Supervisory authorities or of self-regulatory rules, such as by-laws, codes of conduct or codes of ethics, and the risk deriving from unfavourable changes in the regulatory framework or case law guidance
- the Group Anti-Money Laundering function is responsible for controlling, preventing and countering money laundering and terrorist financing activities;
- the Group Chief Internal Audit Officer monitors and assesses the risk management system effectiveness and efficiency.

Each competent function is responsible for operational risk management according to their area of responsibility in the business processes controlled. The Board of Directors of the Parent Company is also assisted by specific bodies set up within this, such as the Group Investment Commission whose task is to verify particular aspects of Company and Group performance also as regards management of risks. Top Management at each Company resorts to joint work groups, set up at Group level, that investigate and analyse specific aspects.

1.2 Risk management policies

Within the framework of the risk management system and in accordance with regulatory provisions, the Board of Directors has formulated risk identification, measurement, management and control criteria in the Risk management policies document.

This document sets forth guidelines for management of internal and external risks inherent in the business of Group companies, defining strategies and objectives, analysis, control and measurement methods, roles and responsibilities of the company functions involved. More generally, the document is also intended to promote deployment of a culture of risk control and management throughout the Group.

Compliance with and application of the guidelines set out in the document are guaranteed by the System of Internal Controls which comprises a set of rules, procedures, control techniques and organisational structures intended to ensure correct functioning and performance of the Group.

1.3 Risk measurement and reporting

Risks are constantly monitored by the Risk Management function and by the individual competent functions; risk trends are notified to the Board of Directors, to Top Management and to the competent operating structures.

2. RISK ANALYSIS

2.1 Market risks²

In assessing market risk, reference is made to all risks that result in downgrading of financial or real estate investments due to adverse changes in major market variables such as share prices, interest rates, the value of real estate, exchange rates and credit rating.

Market risk management policies define:

- limits on investments according to type, with particular attention to risk/yield trade-off;
- limits on investments in foreign currency;
- integrated asset-liability management strategies (ALM) combined with cash flow matching valuations, in particular for securities to hedge separately managed funds;
- guidelines on the use of derivatives;
- guidelines regarding investment property;
- guidelines and restrictions for control of the credit risk of financial investments.

The limits on investments are constantly verified and monitored by the competent corporate functions, and their findings are notified periodically to the Group Investment Commission.

As regards the **interest rate risk**, financial activities are managed according to a prudent approach based on joint management of assets and liabilities using ALM (Asset Liability Management) type management techniques. As far as the **equity risk** is concerned, exposure accounts for 0.94% of the entire portfolio and amounts to approximately € 140.2 million. The main exposures relate to Sara Assicurazioni for € 91.7 million and Banca d'Italia for € 12.5 million, in addition to unlisted equities. The listed component of the equity portfolio, amounting to approximately € 21 million, recorded an annual volatility of 20.14% during the year.

Management of the equity portfolio is mainly focused on the financial and banking sector, as shown below:

Market sector	Composition (%)
Finance and Banking	94.7%
Services	3.2%
Technological	1.1%
Consumer goods	0.5%
Energy	0.2%
Industry	0.2%
Telecommunications	0.1%
Total	100.0%

² Unlisted strategic investments in Sara Assicurazioni and CredemAssicurazioni are not included in the analysis of market risk. Reale Immobili and Igar are included in the real estate compartment.



As far as **spread risk** is concerned, the corporate bonds in the portfolio have an average rating of BBB+ as measured by Fitch. Positions with a non-investment grade rating account for 1.51% of the portfolio.

The detail by rating of the debt securities is provided below:

(in thousands of euro)

	2023 - Stage 1		2023 - Stage 2		2023 - Stage 3	
	Market Value	Gross Carrying amount	Market Value	Gross Carrying amount	Market Value	Gross Carrying amount
FVOCI - Debt securities	13,571,742	14,723,223	10,375	12,204	1,254	3,037
AAA	917,329	944,192	0	0	0	0
AA+ / AA / AA-	1,297,680	1,436,553	0	0	0	0
A+ / A / A-	3,042,514	3,365,963	0	0	0	0
BBB+ / BBB / BBB-	8,124,543	8,789,495	0	0	0	0
BB+ / BB / BB-	25,898	27,502	1,851	1,981	1,254	3,037
B+ / B / B-	0	0	8,524	10,223	0	0
CCC+ / CCC / CCC-	0	0	0	0	0	0
CC	0	0	0	0	0	0
C	0	0	0	0	0	0
NR	163,778	159,518	0	0	0	0
Write-down provision - Debt securities	(4,090)	0	0	0	0	0
FV Mandatory - Debt securities	252,984	275,669	0	0	0	0
AAA	0	0	0	0	0	0
AA+ / AA / AA-	149,407	164,465	0	0	0	0
A+ / A / A-	0	0	0	0	0	0
BBB+ / BBB / BBB-	103,577	111,204	0	0	0	0
BB+ / BB / BB-	0	0	0	0	0	0
B+ / B / B-	0	0	0	0	0	0
CCC+ / CCC / CCC-	0	0	0	0	0	0
CC	0	0	0	0	0	0
C	0	0	0	0	0	0
NR	0	0	0	0	0	0
Write-down provision - Debt securities	0	0	0	0	0	0
FV Designated - Debt securities	9,224	7,904	0	0	0	0
AAA	0	0	0	0	0	0
AA+ / AA / AA-	0	0	0	0	0	0
A+ / A / A-	0	0	0	0	0	0
BBB+ / BBB / BBB-	0	0	0	0	0	0
BB+ / BB / BB-	0	0	0	0	0	0
B+ / B / B-	0	0	0	0	0	0
CCC+ / CCC / CCC-	0	0	0	0	0	0
CC	0	0	0	0	0	0
C	0	0	0	0	0	0
NR	9,224	7,904	0	0	0	0
Write-down provision - Debt securities	0	0	0	0	0	0
FV Negotiated - Debt securities	0	0	0	0	0	0
AAA	0	0	0	0	0	0
AA+ / AA / AA-	0	0	0	0	0	0
A+ / A / A-	0	0	0	0	0	0
BBB+ / BBB / BBB-	0	0	0	0	0	0
BB+ / BB / BB-	0	0	0	0	0	0
B+ / B / B-	0	0	0	0	0	0
CCC+ / CCC / CCC-	0	0	0	0	0	0
CC	0	0	0	0	0	0
C	0	0	0	0	0	0

cont. >>

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(in thousands of euro)

	2023 - Stage 1		2023 - Stage 2		2023 - Stage 3	
	Market Value	Gross Carrying amount	Market Value	Gross Carrying amount	Market Value	Gross Carrying amount
NR	0	0	0	0	0	0
Write-down provision - Debt securities	0	0	0	0	0	0
Amortised cost - Debt securities	33,253	33,268	0	0	0	0
AAA	0	0	0	0	0	0
AA+ / AA / AA-	0	0	0	0	0	0
A+ / A / A-	0	0	0	0	0	0
BBB+ / BBB / BBB-	33,253	33,268	0	0	0	0
BB+ / BB / BB-	0	0	0	0	0	0
B+ / B / B-	0	0	0	0	0	0
CCC+ / CCC / CCC-	0	0	0	0	0	0
CC	0	0	0	0	0	0
C	0	0	0	0	0	0
NR	0	0	0	0	0	0
Write-down provision - Debt securities	0	0	0	0	0	0

Ratings expressed according to Moody's

2.2 Default risk

Default risk refers to the risk of loss due to the unexpected default of counterparties that owe amounts or a worsening of their credit ratings.

As far as reinsurance counterparties are concerned, the Group has defined guidelines and limits for the management and control of this risk. Exposure to reinsurance counterparties rated A or higher by Fitch Ratings is equal to 99.62%.

2.3 Liquidity risk

Liquidity risk refers to the ability to comply promptly with payment obligations by the deadlines established by the contract.

The Group adopts limitations on the use of financial assets in order to constantly monitor the portfolio liquidity risk.

Bonds, according to maturity, are set forth in the table below.

(in thousands of euro)

Debt securities by expiry	Government	Corporate	Total
<= 1 year	1,850,304	345,272	2,195,576
>1 <=3 years	1,418,388	882,330	2,300,718
>3 <=5 years	872,248	846,302	1,718,550
>5 <=7 years	806,768	520,475	1,327,243
>7 <=10 years	917,139	787,123	1,704,262
>10 years	3,409,198	1,223,285	4,632,483
Total	9,274,045	4,604,787	13,878,832

Liquidity risk is also constantly monitored according to run-off of reserves for Non-life business.

The following table shows the expected run-off coefficients of LIC (Liabilities for Incurred Claims) relating to Lob 04 (Motor vehicle civil liability insurance) and Lob 08 (General civil liability insurance).



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Reports of the Independent Auditors

Year	LOB 04	LOB 08
2024	41.0%	21.9%
2025	19.5%	16.4%
2026	13.6%	12.8%
2027	8.7%	10.6%
2028	5.7%	8.3%
2029	3.6%	6.6%
2030	2.4%	4.9%
2030 and later	5.5%	18.5%
Total	100.0%	100.0%

2.4. Technical Risks

2.4.1 Life

As regards **technical risks**, the main sources of risks present in Life contracts are linked mainly to the **redemption** frequency trend, **demographic trend**, **suspension of premium payments** and frequency of exercise of the option of **conversion into guaranteed annuity**.

With regard to demographic risks, mortality statistics are updated periodically and suitable reinsurance plans are adopted in order to reduce exposure to this factor of risk; for other underwriting risks, particular attention is also paid to checking and controlling the frequencies of exercise of such options with regard to the respective market data. Specific non-proportional covers are acquired for catastrophic risks. Guidelines have been established for the assumption of death cover contracts relating to health and financial requirements. The Life portfolio falls entirely within the scope of application of the standard IFRS 17, and the table below contains details, in percentage terms, of the LRC (Liability for remaining coverage) by business type and measurement model.

Business type	Building Block Approach	Variable fee approach	Premium allocation approach	Total
Health	0.55%	0.02%	0.00%	0.56%
Revaluable	0.33%	68.80%	0.00%	69.15%
Linked	0.00%	11.35%	0.00%	11.35%
Pure risk	0.94%	0.00%	0.07%	1.00%
Multi-business	0.00%	17.77%	0.00%	17.77%
Returns originating from non-life business	0.00%	0.17%	0.00%	0.17%
Total	1.82%	98.11%	0.07%	100.00%

Assessments of maximum potential loss have been made using the SCR model in order to assess the effects deriving from the main insurance underwriting risks, such as mortality, surrender rate and costs.

2.4.2 Non-life

The risks connected with the Non-Life portfolio are technical risks, determined by business underwriting policies (**underwriting risks**) and provisioning policies relating to the acquired portfolio (**provisioning risks**).

For underwriting risks, the Group has drawn up an Underwriting Rules Manual which provides technical guidance regarding underwriting policy for each Group company, with particular reference to non-standard products.

For fire catastrophe covers, for earthquake risk, the RMS, EQECAT and AIR models have been used in order to simulate the various possible scenarios and to quantify the necessary catastrophe provisions necessary to withstand an event, considering a time horizon of at least 200 years. Reinsurance covers have been acquired, giving preference to the approach of the RMS model, currently more prudent and conservative.

The table below, based upon the provisions of IFRS 17, indicates some information on the development of claims of Lob 04 (Motor vehicle civil liability insurance) and of Lob 08 (General civil liability insurance).

It has been considered advisable to represent the evolution of claims of only TPL business lines in view of their significance and "long tail" characteristics.

These businesses are characterised by a longer run-off due to delays that drag out over the years, especially for the specific case of Lob 08.

Development of the ultimate cost is therefore more liable to changes, thereby undermining the stability of the estimate in time. Each diagonal of the triangle represents the accounting data at 31/12 of the year of observation of the total cost of claims per individual year of occurrence.

In detail, the following are indicated for each year of occurrence and for each claim duration:

- incremental payments;
- cumulative payments;
- risks retained on claims open and on late claims;
- the final cost, consisting of the sum of the cumulative amount paid and the amount of the provision.



LOB 04 Motor vehicle civil liability insurance

Group		Claim duration							
		Occurrence	0	1	2	3	4	5	6
2016	amount paid	317,345	261,018	87,632	48,001	16,917	13,412	8,319	8,225
	cumulative	317,345	578,363	665,996	713,997	730,914	744,327	752,646	760,871
	reserved	477,485	203,175	113,320	75,885	50,342	41,219	26,491	23,203
	total	794,830	781,538	779,316	789,882	781,256	785,546	779,137	784,074
2017	amount paid	320,900	257,685	90,933	33,085	20,169	17,527	11,305	
	cumulative	320,900	578,585	669,519	702,604	722,774	740,300	751,606	
	reserved	461,204	194,791	104,810	68,866	61,650	40,026	29,686	
	total	782,104	773,376	774,329	771,470	784,424	780,326	781,292	
2018	amount paid	332,638	263,365	75,355	36,234	21,825	16,425		
	cumulative	332,638	596,003	671,358	707,592	729,417	745,843		
	reserved	447,908	195,502	109,475	89,922	57,803	40,963		
	total	780,546	791,505	780,833	797,514	787,220	786,806		
2019	amount paid	340,900	267,468	92,006	48,464	28,479			
	cumulative	340,900	608,368	700,374	748,839	777,317			
	reserved	475,905	240,348	154,485	102,086	76,179			
	total	816,805	848,716	854,859	850,925	853,496			
2020	amount paid	254,385	182,934	56,900	26,809				
	cumulative	254,385	437,319	494,219	521,028				
	reserved	420,509	178,792	112,531	77,074				
	total	674,894	616,111	606,750	598,102				
2021	amount paid	306,263	266,963	78,168					
	cumulative	306,263	573,225	651,393					
	reserved	500,061	256,537	170,967					
	total	806,324	829,762	822,360					
2022	amount paid	343,108	261,913						
	cumulative	343,108	605,021						
	reserved	517,913	246,574						
	total	861,021	851,595						
2023	amount paid	346,576							
	cumulative	346,576							
	reserved	499,182							
	total	845,758							

LOB 08 General civil liability insurance

Group		Claim duration							
		0	1	2	3	4	5	6	7
Occurrence									
2016	amount paid	36,201	42,334	24,723	20,096	11,728	8,362	8,410	9,194
	cumulative	36,201	78,536	103,259	123,355	135,083	143,445	151,855	161,049
	reserved	146,537	114,494	90,390	73,798	59,818	52,434	39,063	30,984
	total	182,738	193,030	193,649	197,153	194,901	195,879	190,918	192,033
2017	amount paid	36,517	50,624	29,898	14,244	17,270	10,775	14,262	
	cumulative	36,517	87,141	117,039	131,283	148,553	159,328	173,591	
	reserved	156,574	114,463	93,701	74,571	65,523	51,972	41,262	
	total	193,091	201,604	210,740	205,854	214,076	211,300	214,853	
2018	amount paid	38,536	47,351	21,666	20,593	17,010	10,333		
	cumulative	38,536	85,887	107,553	128,146	145,156	155,489		
	reserved	159,069	107,563	85,479	77,605	60,325	49,795		
	total	197,605	193,450	193,032	205,751	205,481	205,284		
2019	amount paid	38,778	48,556	25,846	21,543	12,247			
	cumulative	38,778	87,334	113,180	134,723	146,970			
	reserved	168,759	140,348	110,196	85,946	70,107			
	total	207,537	227,682	223,376	220,669	217,077			
2020	amount paid	38,943	42,920	20,102	19,162				
	cumulative	38,943	81,863	101,964	121,126				
	reserved	173,070	117,482	90,072	79,761				
	total	212,013	199,345	192,036	200,887				
2021	amount paid	38,748	57,145	34,294					
	cumulative	38,748	95,893	130,187					
	reserved	206,500	152,369	117,718					
	total	245,248	248,262	247,905					
2022	amount paid	38,628	47,376						
	cumulative	38,628	86,004						
	reserved	203,955	144,151						
	total	242,583	230,155						
2023	amount paid	35,340							
	cumulative	35,340							
	reserved	205,227							
	total	240,567							

A sensitivity analysis has also been performed on the impact of inflation dynamics on the insurance liability value. The table below sets out the percentage change of LIC (Liabilities for Incurred Claims) relating to Lob 04 (Motor vehicle civil liability insurance) and Lob 08 (General civil liability insurance) in circumstances of an inflation increase of 2%, 4% and 6%.

Inflation rate	LOB 04	LOB 08
2.00%	6.6%	9.2%
4.00%	11.6%	19.8%
6.00%	17.1%	32.2%



2.5 Operational risk, legal and regulatory risk, reputational risk and Group membership

The Group also assesses and monitors, through annual qualitative analyses, the following risk classes:

- **Operational risk (including cyber risk):** related to potential losses that the company may incur as a result of inefficiencies of people, processes, and systems or as a consequence of external events. The operational risks include IT risks as a sub-component of the risk itself. The IT risk is defined as the risk connected to processing (confidentiality, integrity, and availability) of a company's IT system information (data bases, hardware, software), which are breached, stolen, or deleted due to events deriving from internal processes or external events such as malicious actions (for example, cyber attacks).
- **Risk of non-compliance with regulations (including anti-money laundering and anti-terrorism risk):** they are classified as risks of facing legal or administrative sanctions, incurring losses or damage to reputation as a result of failure to comply with directly applicable laws, regulations and European standards or measures of the Supervisory Authorities or self-regulatory rules, such as by-laws, codes of conduct or self-regulatory codes and the risk deriving from unfavourable changes in the regulatory framework or in case law.
- **Group membership risk:** this is the "contagion" risk and derives from transactions between the company and other group entities that cause difficulties that arise in one member of the same Group and could spread and have negative repercussions on the solvency of the company itself.
- **Reputational risk:** the risk of damage to the company's image and conflict with policyholders, also due to the provision of services that are not up to standard, inadequacy of policies or of behaviour during sales, after-sales and settlement.
- **Strategic:** defined as the current or prospective risk of a decline in profits or capital and of the sustainability of the business model, including the risk of being unable to generate an adequate return on capital on the basis of the risk appetite set by the company, resulting from changes in the operating environment or from incorrect business decisions, inadequate implementation of decisions, improper group risk management or poor responsiveness to changes in the competitive environment.
- **Emerging risks:** they refer to new sources of risk which become important in connection with changes in the internal or external environment;
- **Concentration Risk:** the concentration risk occurs in the case of excessive exposure of Group companies to the same subject or group of subjects outside of the Group, individual or interconnected; in other words, concentration risk can be defined as the risk of incurring losses due to an insufficient diversification of the asset and liability portfolio.
- **Sustainability Risks:** these are risks relating to ESG (Environmental, Social and Governance) factors that could influence the Group's risk profile in terms of potential negative impacts attributable to environmental, social, and governance issues, such as, for example, financial losses or reputational risks deriving from sustainability factors, namely environmental, social, and personnel-related problems, respect for human rights, and matters relating to anti-corruption and bribery matters.

Reale Mutua and the other Group Companies have a Contingency Plan, submitted for approval to the Group Management Committee and the Board of Directors, to safeguard people and assets and to guarantee business continuity; the plan includes a Disaster Recovery Plan designed to minimise loss of information and recovery times in particularly critical situations. Finally, the Group has adopted a procedure regulating the exchange of information and controls aimed at supervising intercompany transactions in compliance with IVASS regulations no. 38 and no. 30, as well as a related Policy and Report.

2.6 Risk mitigation instruments

The Group adopts risk mitigation instruments in order to reduce its exposure to the risks underwritten, through recourse to reinsurance, and adopting hedge derivatives to restrict possible impairments of assets.

2.6.1 Reinsurance

Analyses have been conducted in order to optimise reinsurance solutions in accordance with the guidelines defined by the Board of Directors. Expected claims rate distribution curves have been defined through analysis of the historical series of each class of business (in terms of earnings, claims and exposure) and of the objectives defined in the strategic plans of the enterprise. Such valuations have been made separately for basic and peak claims, assessing catastrophe exposure, and specific analyses have been made for business lines with not statistically significant historical series. The analysis, made using quantitative models for valuation of risk capital (VaR and T-VaR), has generated alternative scenarios according to which the optimal reinsurance solutions for each Italian company of the Group have been identified.

2.6.2 Derivatives

Reale Group makes residual use of derivatives; these instruments are used for purposes that comply with the Group's strategic plan as defined by each company's Board of Directors, with IVASS Regulation No. 24 of 6 June 2016 and with the requirements of the financial instrument portfolio control system.

Derivatives and structured financial instruments are used solely for the purpose of promoting balanced and prudent portfolio management, in order to hedge the investment risk or achieve investment goals more easily, more economically or more flexibly than would be possible using the underlying assets. For each individual company belonging to Reale Group, details of the derivatives held, for which each company bears the risk, are provided below.

Derivatives held by Reale Mutua:

- a contract signed with *Confagri Consult s.r.l.* which stipulates the granting of put options expiring on 21/10/2026 to Reale Mutua, options that may be exercised in the event of the sale of the whole equity investment in *GAA Gestioni Assicurazioni Agricole*.
The total notional value is € 210 thousand and the fair value is zero.
- four interest rate swap contracts entered into for effective management of cash flows generated by interest rates changes: two with *NatWest Markets Plc* for a total notional amount of € 1,780 thousand (at year end 2023, the fair value, inclusive of accrued interest, was negative and equal to approximately € 45 thousand); two with *Société Générale* for a total notional amount of € 1,500 thousand (at year end 2023, the fair value, inclusive of accrued interest, was negative and equal to approximately €66 thousand). Estimated cash flows according to maturity commitments are provided below, based on information available at 31 December 2023:



(in thousands of euro)

Net flows	1 year	3 years	5 years	Due after 5 years
Swap SOGEN Crediop – 01/09/2025 OS4044968	1	(13)	0	0
Swap SOGEN Crediop – 01/09/2025 OS4044887	5	(65)	0	0
Swap RBS Crediop – 01/09/2025 OSRAM18066	17	(52)	0	0
Swap RBS Crediop – 01/09/2025 OSRAM17514	9	(16)	0	0
Total	32	(146)	0	0

Derivatives held by **Blue Assistance**:

Contract between *Blue Assistance* and *Intesa Sanpaolo Vita SPA* which envisages for the 318,182 *INSALUTE SERVIZI* shares held by *Blue Assistance*.

- put options in favour of *Blue Assistance* expiring on 31/03/2028 and 31/03/2033, exercisable in the next six months, for a notional value of €34,546 thousand. At 31 December 2023 the fair value of the options is zero as the options are out of the money;
- call options in favour of *Intesa Sanpaolo Vita SPA* expiring at 31/03/2028 and 31/03/2033, exercisable in the next six months, for a notional value of €34.546 thousand. At 31 December 2023 the fair value of the options is zero as the options are out of the money.

Derivatives held by **Banca Reale**:

- forward purchases on Government bonds, broken down between the maturities of 2025, 2026 and 2027, for a total notional value of 118 million (fair value €862 thousand), concluded as part of the OTC circuits;
- forward sales on Government bonds, broken down between the maturities of 2025, 2026 and 2027, for a total notional value of 118 million (fair value €-851 thousand), concluded as part of the OTC circuits.

Solvency II

The aim of the Group-wide “Solvency II” project is to implement the new solvency system and make sure that this becomes a well-established component of all decision-making and policy processes. The main developments in this field are reported below:

- calculation of capital requirements (SCR and MCR) and own funds;
- definition of risk management policies, changes to governance, adaptation of processes, assessment of prospective risks and solvency position (ORSA);
- quantitative reporting (QRT) and qualitative reporting (RSR, SFCR).

As part of the activities of adjusting to Solvency II, on 17 April 2018 the Supervisory Authority granted permission to use the partial internal model for regulatory purposes to determine the solvency capital requirement, starting from 31 December 2017. It is noted that, on 18/03/2024, the Supervisory Authority approved the Major Model Change request relating to the extension of the perimeter of the Partial Internal Model to risks relating to the Life business, with effect from 31/12/2023.

Banca Reale

Reale Group includes Banca Reale, an entity subject to supervision by the Bank of Italy, which is included in the perimeter of the insurance Group as envisaged by IVASS Regulation no. 38/2018.

In accordance with its size and the specific characteristics of its business and the type and scope of its risk exposure, Banca Reale has adopted a risk management policy that involves all levels of the company and is implemented through a system of internal controls structured on three levels:

- Line controls, intended to guarantee correct management of all activities and performed by the operational divisions or incorporated into IT supporting procedures. Line controls cover all of the Bank's activities and include tests, reports and monitoring performed by those responsible for the respective business units.
- Second-level controls whose aim is to ensure, inter alia, the correct implementation of risk management process, compliance with the operational limits assigned to the various functions and legal compliance of corporate procedures, including self-regulatory measures. The functions responsible for these controls operate separately from those involved in production; they contribute to the definition of risk governance policies and risk management:
 - The Risk Management function is involved in establishing acceptable levels of risk, developing risk management policies and in the various stages of the risk management process, as well as defining operational autonomy as regards the various types of risks. This function continually verifies the adequacy of such policies, processes and limits, monitors changes in the risks to which the company is exposed and compliance with operating limits when taking the different types of risks;
 - The Compliance function oversees, according to a risk-based approach, management of the risk of non-compliance, i.e. the risk of incurring legal or administrative sanctions, significant financial losses or reputational damage as a result of violations of mandatory or self-regulatory rules;
 - The Anti-Money Laundering function oversees management of the money laundering risk (which relates to the use of proceeds from criminal activities in legal activities to conceal their illegal origin through transactions designed to obstruct the reconstruction of capital movements) with regard to all company activities, verifying that internal procedures are adequate to prevent such risks.
 - The Information Security function oversees ICT and security risks, guaranteeing that they are identified, measured, assessed, managed, monitored, reported and kept within the limits of the bank's risk appetite and verifies the adequacy of the ICT operations to the ICT and security risk management system.
 - Third-level controls, assigned to the Internal Audit function, aimed at ascertaining, also by means of on-site checks, the regular performance of operations and the evolution of risks and, in addition, assessing the completeness, adequacy, functionality and reliability of the organisational structure and the other components of the internal control system, thereby suggesting possible improvements to the corporate bodies.

Banca Reale checks and monitors the overall capital adequacy and liquidity (both current and prospective), as part of the ICAAP (Internal Capital Adequacy Assessment Process) and ILAAP (Internal Liquidity Adequacy Assessment Process) processes, as provided for by current prudential supervisory provisions.

This process is subject to ordinary review, from a methodological standpoint by the Risk Management function, to regulatory review by the Compliance function and from a procedural standpoint by the Internal Audit function, assisted by the operational functions to the extent of their areas of expertise.

IT is also subject to extraordinary review every time the bank is potentially exposed to new significant risks to be assessed (e.g. as a result of entering new markets/segments) and/or previously identified risks that exhibit new characteristics such as to alter the bank's risk exposure. The risks to which the latter is exposed are credit risk, market risk and operational risk (first pillar), concentration risk, interest rate risk of the banking portfolio, liquidity risk, risk of excessive leverage, residual risk, strategic and business risk, reputation, conduct, compliance, recycling, outsourcing, country, relocation and basis and IT risks and ESG sustainability (second pillar).



Sensitivity analysis

In accordance with paragraph 128 of accounting standard IFRS 17, the sensitivity analysis on the result and on the shareholders' equity of Reale Group is indicated below, conducted considering 6 different scenarios and identifying for each of them the percentage changes of shareholders' equity and profit compared to the baseline scenario:

Sensitivity analysis	Shareholders equity	Gain/Loss from consolidation
Baseline scenario*	3,366,634	156,918
Scenario 1: increase of 10 basis points of discount rate	-0.5%	0.6%
Scenario 2: decrease of 10 basis points of discount rate	-0.8%	0.2%
Scenario 3: 25% increase in redemptions	-0.8%	-3.7%
Scenario 4: 25% decrease in redemptions	-0.5%	2.5%
Scenario 5: increase of 2 p.p. of the claims to premiums ratio of reference	-1.3%	-29.4%
Scenario 6: decrease of 2 p.p. of the claims to premiums ratio of reference	1.3%	28.0%

* amounts in thousands of euro

8.7 Information regarding business with related parties

Transactions between the Group companies were deleted from the consolidated financial statements as part of the elision operation of intercompany relations and are, therefore, not discussed in this section. Such relations mainly reflect reinsurance transactions and the exchange of services between Group companies.

The main services that Group companies provide to each other are as follows:

- Reale Mutua:
 - Governance;
 - Claims management;
 - Administration;
 - Actuarial function;
 - Commercial;
 - Organisation;
 - Reinsurance;
 - Human resources;
 - Risk Management;
 - Anti-money laundering;
 - Compliance;
- Italiana Assicurazioni:
 - Administration;
 - Claims management;
- Blue Assistance:
 - Claims management;
 - Assistance;
- Banca Reale:
 - Asset management;
- Reale Immobili and Reale Immobili Espana:
 - Real estate consultancy and management;
- Reale Ites and Reale Ites Esp.:
 - Information Technology;
- Reale Seguros:
 - Administration.

The balances of insurance, commercial and financial transactions between Group companies, including the Parent, and related parties are set forth below:

(in thousands of euro)

Counterparty	31.12.2023		31.12.2022	
	Activity	Liabilities	Activity	Liabilities
Associates and joint ventures	385	0	368	0
Other related parties	2,041	7,824	1,946	8,104
Total	2,426	7,824	2,314	8,104

(in thousands of euro)

Counterparty	31.12.2023		31.12.2022	
	Activity	Liabilities	Activity	Liabilities
Associates and joint ventures	2,242	287	629	392
Other related parties	2,181	8,127	1,518	6,959
Total	4,423	8,414	2,147	7,351

The underlying transactions were all concluded on an arm's length basis. During the year, no allowance was made to cover possible losses on receivables from related parties.

Transactions with associated companies and joint ventures mainly refer to receivables arising out of direct insurance operations under agreements entered into by the Parent with CredemAssicurazioni.

Assets due from other related parties mainly refer to loans granted by the Banca Reale subsidiary for € 1,715 thousand; liabilities mainly comprise current accounts at Banca Reale for € 6,350 thousand and bonds issued by the Company itself for € 1,096 thousand.

Income relating to associates and joint ventures includes the remuneration deriving from the fees paid for claim settlement services concerning the Health and Assistance businesses provided by Blue Assistance, for € 330 thousand, to CredemAssicurazioni. The residual income and expenses mainly relate to the charge-back by the Parent Company to the Company of costs incurred to supply the services under the contracts in force and of costs relating to seconded personnel and the fee deriving from the payment by InSalute to Reale Ites for the delivery of IT services for € 283 thousand.

Income from other related parties chiefly refers to insurance premiums collected for € 1,674 thousand and rental on investment property for € 434 thousand.

Charges to other related parties mainly related to fees paid to directors and statutory auditors for € 7,493 thousand) and to claims paid on policies for € 121 thousand.

Fees paid during the year to directors and statutory auditors of the Parent Company who also carry out the same functions at other Group companies amounted to € 1,379 thousand, compared with € 1,084 thousand in 2022.



8.8 Other information

Information on FAIR VALUE

The tables below express the value of assets and liabilities at fair value on a recurrent basis and are classified in line with the fair value hierarchy in three levels, based upon what is established by IFRS 13. The fair value hierarchy attributes the maximum priority to listed prices (not adjusted) present on active markets for assets or liabilities identical to those taken as a reference in the fair value measurement (Level 1 data) and the minimum priority to non-observable inputs (Level 3 data).

Fair value hierarchy

Assets and liabilities measured at fair value on a recurrent basis: breakdown by levels of fair value

(in thousands of euro)

	Level 1		Level 2		Level 3		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Financial assets/liabilities measured at fair value								
Financial assets at fair value through other comprehensive income	13,177,698	12,650,222	318,220	653,993	227,334	116,507	13,723,252	13,420,722
Financial assets at fair value through profit or loss	3,065,105	3,041,145	20,569	47,032	678,867	627,251	3,764,542	3,715,427
a) Financial assets held for trading	0	0	4,118	4,550	0	12,940	4,118	17,490
b) Financial assets designated at fair value	2,537,705	2,280,381	13,478	15,549	106	553	2,551,289	2,296,483
c) Other financial assets mandatorily measured at fair value	527,400	760,764	2,974	26,933	678,761	613,757	1,209,135	1,401,454
Investment property	0	0	0	0	0	0	0	0
Tangible assets	0	0	0	0	0	0	0	0
Intangible assets	0	0	0	0	0	0	0	0
Total	16,242,803	15,691,367	338,789	701,025	906,201	743,758	17,487,794	17,136,149
Financial liabilities measured at fair value through profit or loss	0	0	(1,685)	(879)	0	(1,158)	(1,685)	(2,037)
a) Financial liabilities held for trading	0	0	(1,685)	(879)	0	(1,158)	(1,685)	(2,037)
b) Financial liabilities designated at fair value	0	0	0	0	0	0	0	0
Total	0	0	(1,685)	(879)	0	(1,158)	(1,685)	(2,037)

Annual changes in level 3 assets and liabilities measured at fair value on a recurrent basis

(in thousands of euro)

	Financial assets measured at fair value through profit or loss							Financ. liabilities measured at FVTPL	
	Financial assets measured at fair value through other comprehensive income	Financial assets held for trading	Financial assets designated at fair value	Other financial assets mandatorily measured at fair value	Investment property	Tangible assets	Intangible assets	Financial liabilities held for trading.	Financial liabilities designated at fair value
1. Opening balance	116,507	12,940	553	613,757	0	0	0	(1,158)	0
2. Increases	111,547	0	0	146,603	0	0	0	0	0
2.1. Purchases	106,513	0	0	138,405	0	0	0	0	0
2.2 Profits allocated to:	3,516	0	0	8,172	0	0	0	0	0
2.2.1 Income statement	3,516	0	0	8,172	0	0	0	0	0
of which capital gains	3,516	0	0	8,172	0	0	0	x	x
of which capital losses	x	x	x	x	x	x	x	0	0
2.2.2 Comprehensive income statement	0	x	x	x	0	0	0	x	x
2.3 Transfers to other levels	0	0	0	0	0	0	0	0	0
2.4 Other changes	1,518	0	0	26	0	0	0	0	0
3. Decreases	(720)	(12,940)	(447)	(81,599)	0	0	0	1,158	0
3.1 Sales	(10)	(12,940)	0	(9,516)	0	0	0	1,158	0
3.2 Reimbursements	0	0	0	(55,639)	0	0	0	0	0
3.3 Losses allocated to:	(1)	0	(447)	(13,314)	0	0	0	0	0
3.3.1 Income statement	(1)	0	(447)	(13,314)	0	0	0	0	0
of which capital gains	x	x	x	x	x	x	x	0	0
of which capital losses	(1)	0	(447)	(13,314)	0	0	0	x	x
3.3.2 Comprehensive income statement	0	x	x	x	0	0	0	x	x
3.4 Transfers to other levels	0	0	0	0	0	0	0	0	0
3.5 Other decreases	(709)	0	0	(3,130)	0	0	0	0	0
4. Final inventories	227,334	0	106	678,761	0	0	0	0	0

During the 2023 financial year:

- transfers from Level 1 to Level 2 of the fair value hierarchy, occurring from 31 December 2022, amount to approximately € 55,220 thousand and are due to the lack of an active market;
- transfers from Level 2 to Level 1 amount to around € 525,545 thousand and are due to the current existence of an active market.



Finally, there was also an increase in exposure of Level 3 hierarchy financial instruments amounting to approximately € 165,572 thousand. That increase is due mainly to the increase in exposure in closed-ended mutual funds during the financial year and the subscription of a bond expiring in 2028, not listed, issued by the SPV IBISCO, whose underlying assets are represented mainly by tax receivables introduced by Decree Law no. 34/2020 (known as ("Relaunch Decree")).

Assets and liabilities not measured at fair value or measured at fair value on a non-recurrent basis: breakdown by levels of fair value

(in thousands of euro)

Assets/Liabilities not measured at fair value or measured at fair value on a non-recurrent basis	Carrying amount		Level 1		Level 2		Level 3		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Activity										
Financial assets measured at amortised cost	816,145	792,109	33,029	31,777	0	0	782,877	759,152	815,906	790,929
Investments in associates and joint ventures	77,091	39,594	0	0	0	0	95,926	42,702	95,926	42,702
Investment property	875,434	910,659	0	0	0	0	1,454,284	1,468,006	1,454,284	1,468,006
Non-current assets or of a disposal group HFS	47,771	15,138	0	0	0	0	0	0	0	0
Total assets	1,816,441	1,757,500	33,029	31,777	0	0	2,333,087	2,269,860	2,366,116	2,301,637
Liabilities										
Financial liabilities measured at amortised cost	(1,034,227)	(1,044,746)	0	0	0	(12,846)	(1,034,227)	(1,031,725)	(1,034,227)	(1,044,571)
Liabilities associated with disposal groups held for sale	0	(489)	0	0	0	0	0	0	0	0
Total liabilities	(1,034,227)	(1,045,235)	0	0	0	(12,846)	(1,034,227)	(1,031,725)	(1,034,227)	(1,044,571)

Disclosures required by IAS 19

The actuarial assessment of the part of termination benefits accrued at 31 December 2006 is based on demographic and economic-financial assumptions.

The main hypotheses are illustrated below:

Main actuarial hypotheses		31.12.2023
Probability of termination		1.40%
Life table		ISTAT 2022
Frequency of termination benefit paid in advance	Reale Mutua	3.70%
	Italiana Assicurazioni	1.00%
	Blue Assistance	1.00%
	Blue Health Center	1.00%
	Reale Immobili	1.00%
	Banca Reale	1.00%
	Reale Ites	4.10%
Percentage of termination benefit paid in advance		70.00%
Discount rate	Euro Composite AA curve as at 29 December 2023	
Rate of inflation	2024	3.00%
	2025 and following years	2.50%

It should also be noted that with the entry into effect of the new IAS 19 as from 1 January 2013, actuarial gains and losses in relation to liabilities deriving from defined benefit plans for employees are now taken directly to equity.

The changes in such liabilities in the last two years are summed up as follows:

(in thousands of euro)

	31.12.2023	31.12.2022	Change
Carrying amount at start of period	10,764	12,841	(2,077)
Provisions for the year	22	0	22
Interest expense	315	(51)	366
Actuarial (gains)/losses	345	(944)	1,289
Benefits paid	(650)	(535)	(115)
Other changes	0	(547)	547
Carrying amount at end of period	10,796	10,764	32



The following information is provided in accordance with the new provisions of IAS 19:

- classification of actuarial (gains)/losses for amendments due to demographic hypotheses and financial hypotheses:

(in thousands of euro)

Breakdown of actuarial (gains)/losses	
(a) Actuarial (gains)/losses due to changes in financial hypotheses	547
(a) Actuarial (gains)/losses due to changes in demographic hypotheses	(2)
(c) Actuarial (gains)/losses due to past experience (deviation of hypotheses from reality)	(200)
Total	345

- average duration of the financial obligation for each Group company:

Duration of termination indemnity fund at 31.12.2023	
Reale Mutua	5.30
Italiana Assicurazioni	5.65
Blue Assistance	9.05
Reale Immobili	8.76
Blue Health Center	4.75
Banca Reale	9.52
Reale Ites	5.99

- indication of future cash flows:

Termination indemnity pro rated cash flows	
1 year	1,639
2 years	963
3 years	1,048
4 years	1,144
more than 4 years	8,070

- sensitivity analysis for each relevant actuarial hypothesis at the end of the year stating the effects in the case of variations in the actuarial hypotheses that would have been reasonably possible at that date, in absolute terms (with respect to a carrying value of liabilities equal to € 10,815 thousand):

	(in thousands of euro)	
	0.5% increase in rate	0.5% decrease in rate
Discount rate	10,386	10,970
	0.5% increase in rate	0.5% decrease in rate
Rate of inflation	10,855	10,491
	+50% prob. term.	-50% prob. term.
Probability of termination of employment contract	10,684	10,656
	+50% in advance	-50% in advance
Percentage of termination benefit paid in advance	10,682	10,658

Furthermore, the health coverage for retired executives and the seniority bonuses paid to employees under the national collective bargaining agreement was also calculated on an actuarial basis. In particular, the economic-financial hypotheses adopted in determining seniority bonuses comply fully with those adopted for the disclosure of termination indemnities, while as regards health coverage of retired directors, the hypotheses adopted as regards inflation and discount rates remaining unchanged, the growth rate of future reimbursements has been assumed, analysing the historical data of the Parent Company and breaking down the increase into inflation adjustments and increases due to ageing of the population.

It should also be noted that with the entry into effect of the new IAS 19 as from 1 January 2013, actuarial gains and losses in relation to liabilities deriving from defined benefit plans for employees are now taken directly to equity.

In accordance with the new provisions of IAS 19, the results of sensitivity analysis considering a change of +/- 50 basis points in the discount rate with regard to health cover for managers are provided below (against a carrying amount of € 12,588 thousand):

	(in thousands of euro)	
	0.5% increase in rate	0.5% decrease in rate
Discount rate	11,369	14,223



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Human resources

At 31.12.2023 the number of human resources in the Group is 4,076 persons, with a positive delta, compared to 31.12.2022, of 65 persons; the breakdown is shown in the table below:

(persons)

	31.12.2023	31.12.2022
Managers	137	137
Middle managers and Office staff	3,939	3,874
Total	4,076	4,011

Public funding

With reference to the regulations on the transparency of public disbursements introduced by art. 1, para. 125 and 125-bis of Law no. 124/2017 as amended and supplemented, we note that the Italian National State Aid Registry, which can be publicly consulted in the transparency section on the related website, publishes the aid measures and related individual aid granted and recorded in the system by the Granting Authority for the benefit, direct or indirect, of each of the Group companies.

Disclosure of auditing fees and for services other than auditing

(article 149.12 of the CONSOB Issuers Regulation)

(in thousands of euro)

Type of service	Supplier of the service	Recipient	Fees
Auditing			868
Auditing	PricewaterhouseCoopers S.p.A.	Società Reale Mutua di Assicurazioni	327
	PricewaterhouseCoopers S.p.A.	Italian subsidiaries	303
	PricewaterhouseCoopers S.p.A.	Foreign subsidiaries	238
Certification (**)	PricewaterhouseCoopers S.p.A.	Società Reale Mutua di Assicurazioni and Italian and foreign subsidiaries	639
Other services	PricewaterhouseCoopers S.p.A.	Società Reale Mutua di Assicurazioni and Italian and foreign subsidiaries	35
	TLS ASSOCIAZIONE PROFESSIONALE DI AVVOCATI E COMMERCIALISTI	Società Reale Mutua di Assicurazioni and Italian and foreign subsidiaries	27
	PricewaterhouseCoopers Business Services S.r.l.	Società Reale Mutua di Assicurazioni and Italian and foreign subsidiaries	400

(*) The item includes audit fees concerning: checks for the signing of tax returns, the review of Reale Group's non-financial statement, separate accounts, internal insurance funds, and review, pursuant to IVASS Regulation no. 42, of chapters D "Solvency Capital Assessment", E.1 "Own Funds" and E.2 "Solvency Capital Requirement and Minimum Capital Requirement" of the Solvency and Financial Condition Report and the QRTs attached to the Solvency and Financial Condition Report "Balance Sheet", "Own Funds" and "Solvency Capital Requirement for undertakings using the standard formula and the partial internal model".



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1. Letter from the Impact Manager



I am particularly proud to unveil Reale Mutua's second Impact Report covering 2023. This document is a key moment in our role of Benefit Corporation as it enables us to describe the impact generated through our activities in pursuit of Common Benefits.

Indeed, the Impact Report is a multi-faceted document which goes beyond the transparency requirements imposed by the law. Its pages describe the results achieved and provide you with information about our commitment to continuous improvement in order to generate and return the value generated to our Stakeholders.

The decision to become a Benefit Corporation has been crucial for Reale Mutua: in addition to marking a major milestone for the Company, it outlines the Group's journey towards the sustainable development model that it plans to embrace in the next few years.

Based on our history, our roots, our founding principles of Mutuality and Sustainability, and thanks to the boost given by role of Benefit Corporation, we have embarked on an internal journey towards a profit-for-purpose business model that integrates Sustainability along the entire value chain.

To confirm our commitment to genuine and integrated sustainability, in March 2023, we joined the United Nations Principles for Sustainable Insurance (PSI). Indeed, we believe that the international context can further boost the implementation of the ESG principles in our business.

In 2023, we achieved major results. Furthermore, we have also thought deeply about our way of doing business and sustainability, about what we are today and what we want to become in ten years' time, in order to be ready to respond and face the evolving challenges of the economic and social landscape in which we operate.



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Starting from our purpose "Taking care of people for a better world, together", we have committed to developing transformative projects aimed at generating positive and measurable impacts along the entire value chain.

First of all, we took care of the key People in our organisation - our Employees, and, to this end, we set up a new department focused on Corporate Well-being. Indeed, we believe that taking care of and promoting the fully-fledged well-being of our resources facilitate and generate change and multiplier impacts on the community.

We also took care of the areas and the social economy of our country by networking associations, companies and Third Sector entities. In this respect, in collaboration with the other Italian mutual company Itas Mutua, we set up the "Premio Mutualità" (Mutuality Award), which awarded €100,000 to the most virtuous project in terms of mutual distribution.

This and much more is described in the following pages which I invite you to read with curiosity. I hope that they may also serve as an inspiration to other entities that, similarly to us, have embarked on the journey towards sustainable and impact growth.

I hope you will enjoy your reading!

Virginia Antonini
Impact Manager

2. Methodological notes

In 2021, Reale Mutua began the process to obtain the status of Benefit Corporation (Law no. 208 of 28 December 2015), which was approved by IVASS (the Italian Insurance Supervisory Authority) in February 2022.

This decision consolidates and improves the definition of the Company's mutual insurer nature which has always pursued "sustainable success" by creating value in the medium and long term, guaranteeing the Company's solidity and future so as to return part of the wealth generated to the Members/Policyholders and to the communities in which it operates by going beyond profit maximisation as the ultimate goal of its business activity.

Pursuant to article 1.382 of the above law, the Company must prepare an Annual Benefit Report (the "Report") which covers the pursuit of its common benefit purposes (the "CBPs").

Therefore, the Report covers the impact activities carried out by Reale Mutua in the period 1/1/2023 - 31/12/2023.

It is noted that, in certain cases and for specific projects that also involved other Group Companies, it was not possible to extract the data covering "Reale Mutua" scope only. In these cases, qualitative-quantitative disclosure was provided, indicating the scope analysed.

The Report comprises:

- a **description of the specific goals, methods, actions implemented by the Directors and the results achieved** in pursuing the six Common Benefit Purposes formalised in the Company By-laws, including any circumstances that have prevented or slowed it down;
- **the assessment of the impact generated during 2023**, according to an external assessment standard that meets the requirements outlined in Annex 4 of Law no. 208/2015;
- **planning the new actions and goals for 2024**, in relation to the six Common Benefit Purposes formalised in the By-laws.

The Report was prepared under the coordination of the Impact Manager and the Group Sustainability department under the scientific supervision of Triadi, a Benefit Corporation and an innovative start-up founded in 2022 as a spin-off of the Politecnico di Milano Tiresia, a research centre on impact. Triadi was entrusted with the development of the impact measurement methodology described in chapter 5. "Assessment of the performance on Common Benefit Purposes".

The Report is published on the Company website in the "Sustainability" section, attached to the 2023 Financial Statements of Reale Mutua, and included, in a specific section, in the 2023 Integrated Consolidated Financial Statements. It was also filed with the Chamber of Commerce, accompanying the documents that compose the Financial Statements.

For any communication or report in this respect, please contact the Group Sustainability Department, at: direzionesostenibilitadigruppo@realemutua.it





The Report has been made available to the Group Sustainability Committee and the Board of Statutory Auditors of the Company so that they could check its compliance with the legal rules and include them in their own report pursuant to article 2426 of the Italian Civil Code.

The **methodology** developed by Triadi to measure the impact¹ generated by Reale Mutua in pursuing its CBPs provided for the following steps:

- **analysis of the context and Stakeholders;**
- **mapping of the change and identification of the relationship of cause and effect between actions, products, and services of Reale Mutua and their impacts on Stakeholders;**
- **construction of impact measurement and management infrastructure;**
- **collection and analysis of data.**

ANALYSIS OF THE CONTEXT AND STAKEHOLDERS

Triadi conducted a **context analysis** of Reale Mutua, to understand, in detail, its specificities, goals, and main activities, as well as exploring the reference sector in which it operates.

The main **Stakeholders** of the Company were identified, i.e., the parties mostly influenced by the business activities.

The goal was to identify the main players, their needs, and interests in order to involve them in the impact measurement process.

The following Stakeholders were identified: **Members/Policyholders, Employees, Suppliers, Distribution Network, Communities, and Environment.**

These analyses were carried out via desk activities, analysing the scientific and grey literature on the issue and project documents provided by Reale Mutua.

MAPPING OF THE CHANGE AND IDENTIFICATION OF THE RELATIONSHIP OF CAUSE AND EFFECT BETWEEN ACTIONS, PRODUCTS, AND SERVICES OF REALE MUTUA AND THEIR IMPACTS ON STAKEHOLDERS

After defining the context and the Stakeholders, Triadi developed the Theory of Change ("TOC") of Reale Mutua.

Starting from the analysis of the six CBPs, the effects and changes on Stakeholders (Outcomes) necessary to achieve the CBPs were identified and, inversely, the activities, products, and services (Outputs) and resources (Inputs) through which Reale Mutua plans to generate these changes.

¹ For additional information, reference should be made to:

Bandini F., Boni L., Fia M. & Toschi L., (2022) *Mission, governance, and accountability of benefit corporations: Toward a commitment device for achieving commercial and social goals. European Management Review*, 20, 477–492.

continued in the note on the next page >>



Output

Quantitative performance measure for the actions implemented to achieve Common Benefit Purposes



Outcome

The **effects** of the actions implemented on beneficiary stakeholders



Impact

The **change** generated by the outcome over time; the deeper and longer the change, the greater the level of the impact

Following this, the change was modelled (impact generation process) through the “Social value chain”² tool. This mapping was completed through desk activities analysing the scientific and grey literature of the insurance sector and documents provided by Reale Mutua.



These analyses were combined with project meetings with Reale Mutua personnel, during which the previously assumed value dimensions of the social value chain and the causal connections that describe the change processes were confirmed.

An extract of Reale Mutua Value Chain for 2023/2024 is included in the Figure below.

OUTPUT	OUTCOME	COMMON BENEFIT PURPOSES	BENEFICIARY STAKEHOLDERS
POLICIES	Increase in customers' perceived well-being and satisfaction due to policies	Offering products and services aimed at constantly improving the relationship with Members / Policyholders that generate economic, social, and environmental value and promote the mutual insurer nature of the company	Members/ Policyholders
GENDER DIVERSITY ASPECTS	Equity of treatment perceived by employees	Developing projects and initiatives aimed at promoting health, well-being, and inclusion	Employees
FLEXIBLE WORKING ARRANGEMENTS	Increase in the productivity perceived by employees		

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De Silva, M. J., Breuer, E., Lee, L., Asher, L., Chowdhary, N., Lund, C., & Patel, V. (2014). Theory of change: a theory-driven approach to enhance the Medical Research Council's framework for complex interventions. *Trials*, 15(1), 1-13.

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Rawhouser, H., Cummings, M., & Newbert, S. L. (2019). Social impact measurement: Current approaches and future directions for social entrepreneurship research. *Entrepreneurship theory and practice*, 43(1), 82-115.

² Clark et. Al., 2004; Dufour, 2018; Rawhouser et al., 2019.






>> continued

OUTPUT	OUTCOME	COMMON BENEFIT PURPOSES	BENEFICIARY STAKEHOLDERS
TRAINING INITIATIVES ON SUSTAINABILITY ISSUES	Degree of awareness on sustainability issues	Support the personal and professional growth of employees, collaborators and directors, including through training and cultural activities and the development of corporate welfare initiatives	Employees
SOCIAL ACTIVISM	Sense of belonging to the organisation		
CONSUMPTION AND EMISSIONS	Change in mobility habits of employees and managers	Mitigating the environmental impacts of activities in order to contribute to protecting the environment and ecosystem	Environment
INITIATIVES TARGETING SUPPLY CHAIN SUSTAINABILITY	Raise awareness of social and environmental sustainability issues and improve the skills necessary to assess the impact generated via its activities by suppliers	Operating in a responsible and transparent way vis-à-vis commercial partners and suppliers, adopting preferential selection criteria for parties that responsibly manage environmental and social impacts	Suppliers
INCLUSION EVENTS	Raise awareness of social inclusion issues Improve the quality of life in communities where the relevant actions are implemented	Contributing to implementing collective-interest projects, including in collaboration with public institutions, local authorities, companies and profit and non-profit parties, to create shared value for the region and community	Community and region

CONSTRUCTION OF THE IMPACT MEASUREMENT AND MANAGEMENT INFRASTRUCTURE

The table below shows an extract from the impact measurement infrastructure (the "Benefit Plan") envisaged for 2023.

PURPOSE	SDGS	TRANSLATION IN IMPACT GOAL OF REALE MUTUA	ACTIVITY /ACTION	SPECIFIC CLASS OF TARGET STAKEHOLDERS OF REALE MUTUA	CHAIN VALUE - INDICATOR	TYPE OF KPI
<p>Develop projects and initiatives that promote health, well-being and inclusion</p>	  	<p>Turn Reale Mutua into a dynamic, inclusive organisation that takes into account the needs of its employees and collaborators and that makes the workplace a pleasant and flexible environment for people's lives.</p>	<p>Overcome the gender-pay gap, enabling equal pay irrespective of gender</p>	<p>Employees</p>	<p>Diversity in governance bodies and among employees, measuring the gender ratio for each category/ hierarchical level</p>	<p>Output</p>
				<p>Employees</p>	<p>Adoption of measures aimed at overcoming the gender pay gap.</p>	<p>Output</p>



KPI SOURCE	ESRS REFERENCE STANDARD	DESCRIPTION - ESRS	KPI MEASUREMENT	RISKS (DUE DILIGENCE /DOUBLE MATERIALITY)	MEASUREMENT PROTOCOL	YEAR
GRI 405-1	ESRS S1 Own workforce S1-16 compensation indicators	Characteristics of undertaking's employees - number of employees by gender [table]	Diversity in governance bodies	Binary indicator: little emphasis on other D&I issues (IMP Evidence risk)	Annually	2022-2023
GRI 405-2	ESRS S1 Own workforce S1-16 compensation indicators	Gender pay gap	Ratio of basic salary and pay of women to men	Binary indicator: possible failure to identify other pay-gap reasons (IMP Evidence Risk); Weighting with corporate welfare/ additional benefits (IMP Efficiency risk)	Annually	2022-2023



**Measured
performance**
28 KPIs
out of 38

The infrastructure is as follows:

- **6 CBPs** defined by the By-laws;
- **6 impact goals** linked to the CBPs and aligned with one or more Sustainable Development Goals (SDGs) and the material topics identified by the 2023 Double Materiality Analysis carried out by the Group;
- several **actions/activities** to be implemented in order to achieve the impact goals linked to the CBPs, whose performance is shown by:
 - **Output KPIs** (which measure the quantitative performance of activities, products, and/or services provided);
 - **Outcome KPIs** (which show the results and direct effects of actions/activities on beneficiaries/Stakeholders).

The source is indicated for each KPI, i.e., whether it is an ad-hoc KPI, customised based on the needs of Reale Mutua, or deriving from international standards (IIRIS+, GRI, SDGs, IMP, ESRS), along with the specific measurement methods (survey, number, etc.).

Following the publication of the delegated act on the first set of European Sustainability Reporting Standards (ESRS) by the European Financial Reporting Advisory (EFRAG), each KPI was linked to the relevant ESRS topic and a specific metric.

Each activity/action is linked to one or more KPIs; each KPI identified is accompanied by information about the frequency of data collection based on the specific characteristics.

With respect to frequency, data is collected annually.

Specifically, the aim of the structure for 2023 was to measure 38 KPIs. Of these, the performance of 28 indicators was effectively measured.

The infrastructure also provides information about the possible negative effects on the organisation, society, and environment linked to the activities/actions identified (by way of example: an increase in operating costs, an increase in CO₂/GHG emissions, an increase in the collective risk for Members/Policyholders, etc.).

COLLECTION AND ANALYSIS OF DATA

In 2023, data collection and analysis was necessary in order to measure a series of key performance Indicators (KPIs) and map and measure the impact and change generated by the activities/actions linked to each of the six CBPs included in the By-laws.



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During the year, data collection activities were carried out similarly to 2022 by consulting the following main corporate departments involved in reporting:

- General Secretariat
- Group Human Resources Department
- Change Management
- Group Purchasing
- Group Equity Investments and Finance
- Group Sustainability and Institutional Communication
- Chief Digital Innovation Officer

These departments, were also involved, at different levels, in an engagement process aimed at updating the qualitative-quantitative KPIs based on the new actions/activities implemented during the year and defining the target commitments for the 2024 Plan.

Efforts were focused on revising the impact measurement methodology, updating the reporting standards to reflect the new European formats (first and foremost EFRAG), and setting up and strengthening an internal data collection system in order to collect the information necessary to quantify the outputs for 2023.

With respect to the measurements of outcomes, the Company is about to launch a specific data collection organisation process.

This process is a valuable opportunity to match the impact activities linked to the status of Benefit Corporation to the Group's values, the Company's sustainability strategy and the Business Plan, in order to steer short- and medium-term planning towards broader ESG strategic guidelines.



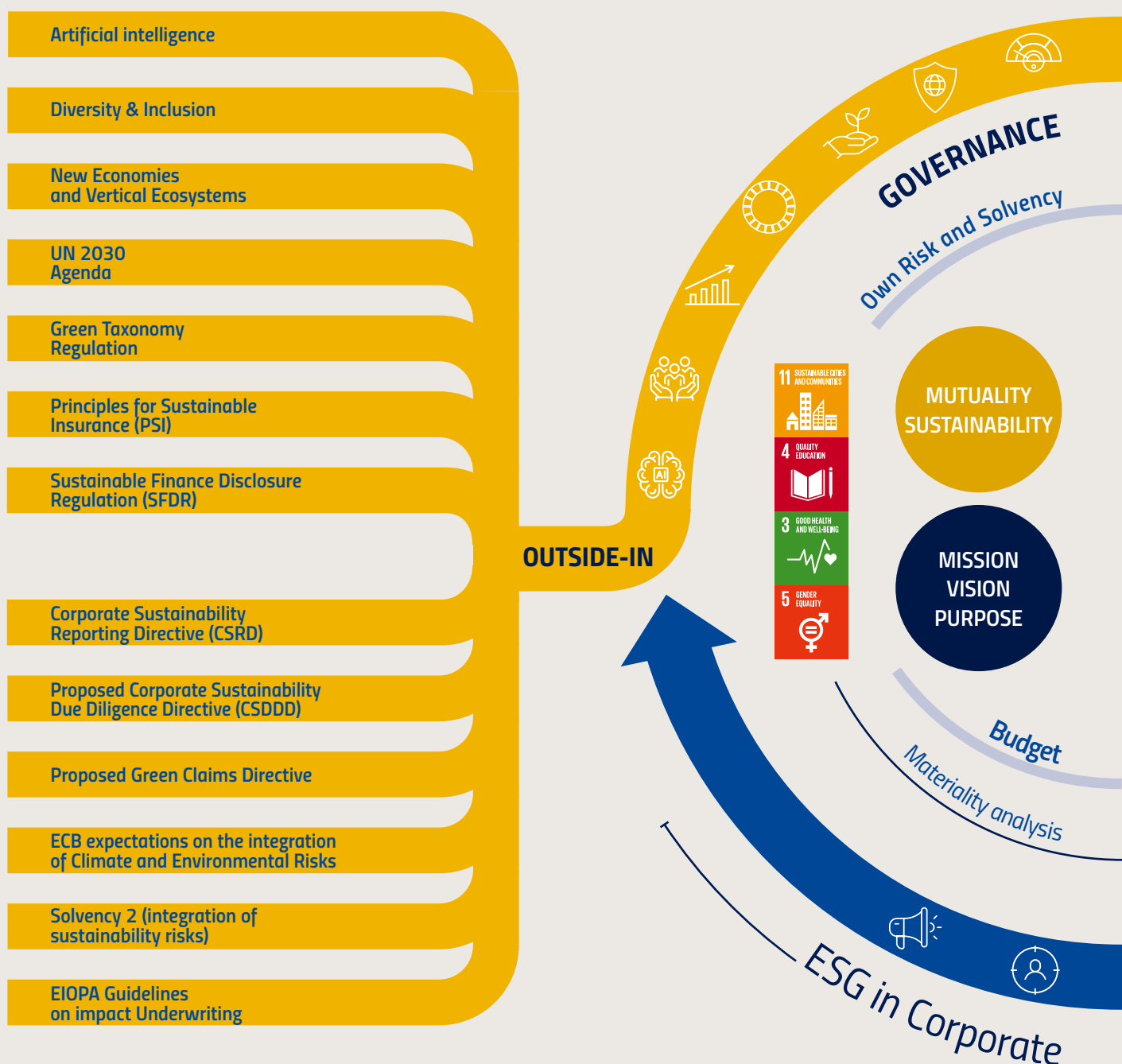
Measurement infrastructure

All KPIs were linked to EFRAG standards

3. Introduction

The acquisition of the status of Benefit Corporation is a further step of the ambitious journey that the Group commenced in 2020 in order to embed sustainability into its processes.

This journey is comprised of a structured set of project activities which culminated in the launch of a strategic project, **ESG in Corporate Strategy** at the end of 2023 with the aim of achieving the full integration of ESG goals in the Group's strategic and business plan in the medium term.

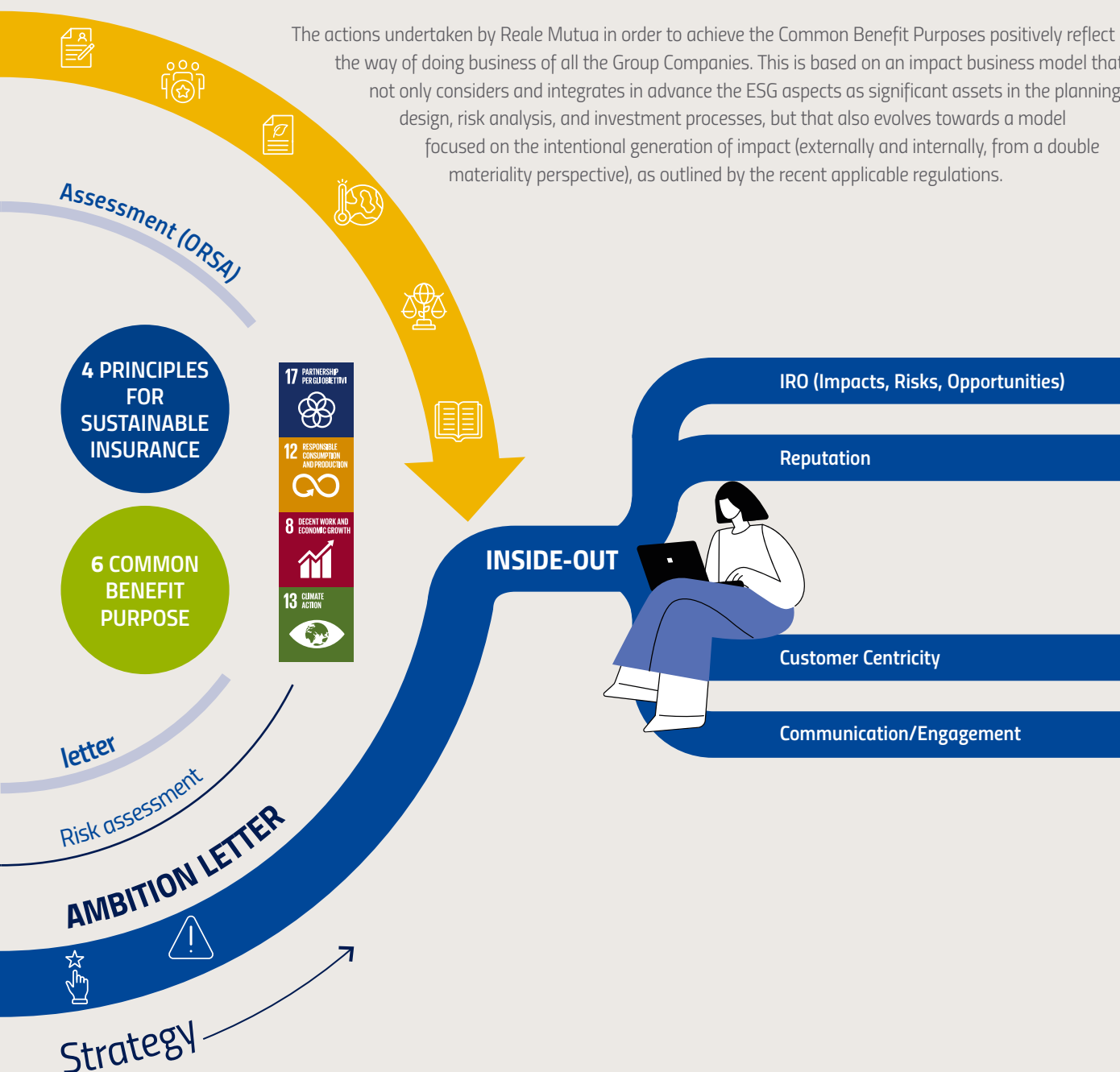


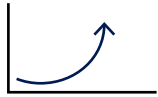


To this end, acquiring the status of Benefit Corporation was a fundamental step of the journey, in line with the **integrated sustainability** model already launched in previous years (for example, since 2021, Reale Group has reported its financial and non-financial performance in an integrated manner), confirming the Company's willingness to take on specific social, environmental and governance commitments which are included in its By-laws.

This resulted in the need to amend its By-laws in order to include in its mission the goal of pursuing, in addition to profits, six Common Benefit Purposes, in line with the 17 *Sustainable Development Goals* (SDGs) of the United Nations and the material topics identified by the materiality analysis. This step shifted the core of the sustainability strategy from a more conventional approach, based on ESG voluntary and discretionary actions, to the pursuit of a **benefit purpose** aimed at generating intentional, measurable, and additional impacts along the entire value chain.

The actions undertaken by Reale Mutua in order to achieve the Common Benefit Purposes positively reflect the way of doing business of all the Group Companies. This is based on an impact business model that not only considers and integrates in advance the ESG aspects as significant assets in the planning, design, risk analysis, and investment processes, but that also evolves towards a model focused on the intentional generation of impact (externally and internally, from a double materiality perspective), as outlined by the recent applicable regulations.





Business model evolution

81

managers of the Group participated in a workshop aimed at identifying the impact goals linked to the 6 CBPs

The evolution of the Business Model towards an integrated sustainability impact model envisaged a series of interconnected project activities:

- **define an impact measurement plan (the “Plan”), in order to monitor the impact and change generated by the activities and actions that have been (and will be) implemented in order to pursue the Common Benefit Purposes;**
- **gradually integrate the Risk Assessment process into the double materiality analysis process, in order to ensure the optimal mapping of impacts, risks and opportunities (IROs);**
- **link the six CBPs to the material topics identified as part of the Group's Double Materiality Analysis, in order to ensure full synergy between the definition of business objectives and the impact goals of the Parent as a Benefit Corporation;**
- **launch a Group's strategic project to define a methodology to measure the social impact of the initiatives launched by the Company, also integrating application of the Social Return on Investment (SROI) methodology, which summarises the social impact generated by the initiative against the economic investment made;**
- **carry out engagement actions preliminary to the preparation of the Ambition Letter.**

Specifically, in May 2023, a workshop was organised for the Group Managers in order to identify a series of impact goals (outcomes), linked to each of the six CBPs and the necessary enablers, with a short and medium-term horizon.

More than 80 people attended the event which took place in groups in order to facilitate discussion and constructive thinking. The workshops were moderated by trainers specialised in sustainability issues.



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In September, at Dynamo Camp's Pistoia headquarters, the Corporate Bodies and the Top Managers participated in a workshop on the presentation of the Ambition Letter and the Budget Letter. Attendance to this event was close to 100% (81 participants).

As part of this journey, the Benefit Plan was aligned to Reale Mutua's broader multi-stakeholder strategic objectives and the six CBPs have become one of the pillars of the Company's integrated sustainability strategy, which underpins the operations of the next few years in order to generate positive, measurable and additional impacts for all Stakeholders (see Fig. 4).

The Plan was revised and partially updated in 2023 in order to comply as much as possible with the framework of the new sustainability reporting standards (ESRS - European Sustainability Reporting Standard, defined by EFRAG) which will be reported next year. The aim was to optimise impact measurement activities with strategic objectives and the regulatory requirements applicable to sustainability reporting (CSRD - Corporate Sustainability Reporting Directive).

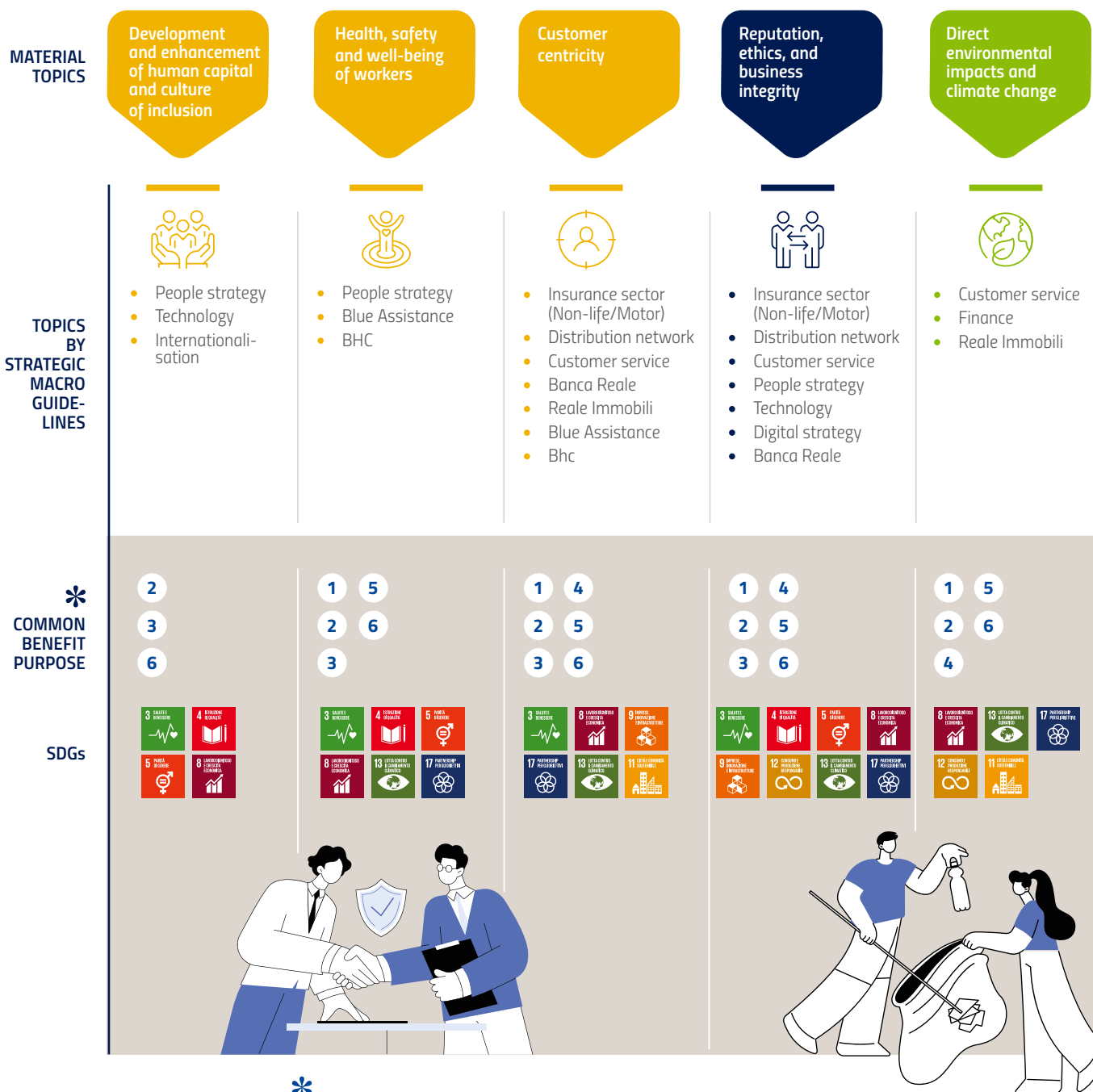
Therefore, some of the KPIs included in the original Plan were maintained as they reflected specific distinctive impacts of our identify as a mutual insurer which cannot be identified under the ESRS. Furthermore, these KPIs enable us to maintain a strong identity with respect to monitoring the outcomes related to our organisation.

In line with the process launched last year, Reale Mutua prepared the impact measurement plan with the support of Triadi, a leader in academic research, in order to guarantee the utmost compliance with regulatory requirements and the highest level of transparency and accountability on these issues.

In addition, pursuant to article 1.380 of Law no. 208/15, impact monitoring activities are supervised by the Impact Manager Virginia Antonini, the Director in charge of the Group's Sustainability Department, who is responsible for the functions and tasks of pursuing the common benefit of the Benefit Corporation.



ESG integrated analysis and Group's strategic lines



*** The 6 Common Benefit Purposes included in Reale Mutua By-laws**

1. Offer products and services that constantly improve the relationship with Members/Policyholders that generate economic, social, and environmental value and promote the mutualistic nature of the Company.

2. Develop projects and initiatives that promote health, well-being and inclusion.

3. Support the personal and professional growth of employees, collaborators and directors, including through training and cultural activities and the development of corporate welfare initiatives.



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Community support and impact philanthropy



- Customer service
- Reale Immobili
- BHC
- Internationalisation

Privacy & Cybersecurity



- Customer service
- Technology
- Digital strategy
- Banca Reale
- Blue Assistance

Importance of distribution channels



- Insurance sector (Non-life/Motor)
- Distribution network

Sustainable products and investments



- Insurance sector (Non-life/Motor)
- Distribution network
- Technology
- Finance
- Reale Immobili
- Banca Reale
- Blue Assistance
- BHC

Innovation and digital transformation



- Customer service
- Technology
- Digital strategy
- Banca Reale
- Blue Assistance
- BHC

Economic performance and creation of sustainable value



- Insurance sector (Non-life/Motor)
- Finance
- Reale Immobili
- International

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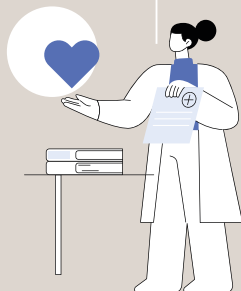
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4. Mitigate the environmental impacts of its activities, in order to contribute to protecting the environment and the ecosystem.

5. Operate responsibly and transparently vis-à-vis commercial partners and suppliers, by adopting preferential selection criteria for those parties that responsibly manage environmental and social impacts.

6. Contribute to implementing public interest projects, including in collaboration with public institutions, local authorities, companies and profit and non-profit parties, to create shared value for the local area and community.

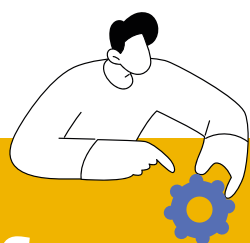
4. Common Benefit Purposes – 2023 Results and Performance - 2024 Commitments

During 2021, Reale Mutua launched a path for determining specific “Common Benefit” Purposes that were included in the corporate purpose through a by-law amendment.

“Common Benefit” means the creation of one or more positive effects (or the reduction of negative ones) vis-à-vis individuals, communities and the environment, starting from one of the key principles of Mutuality, i.e., generating positive and measurable impacts vis-à-vis Members/Policyholders, but also all Stakeholders.

These Purposes were identified within the Company through a shared process that led to strategic and operational considerations which underpin the development of the Benefit Plan, and the impact assessment and measurement tool.

The **6 Common Benefit Purposes** included in Reale Mutua By-laws are shown below



6 Common Benefit Purposes



Offer

1. Offer products and services that constantly improve the relationship with Members/Policyholders that generate economic, social, and environmental value and promote the mutualistic nature of the Company.



Develop

2. Develop projects and initiatives that promote health, well-being and inclusion.



Support

3. Support the personal and professional growth of employees, collaborators and directors, including through training and cultural activities and the development of corporate welfare initiatives.



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Once again, some of the Company's main departments were involved in the definition of the 2024 Benefit Plan in order to better integrate the sustainability goals linked to the pursuit of the CBPs with the business objectives, considering various factors such as feasibility, estimated potential impact, the economic and human resources available and necessary, and Reale Mutua's business strategy, according to a model based on the continuous improvement of the activities/actions carried out (output KPIs) and impact indicators (outcome KPIs).

4. Mitigate the environmental impacts of its activities, in order to contribute to protecting the environment and the ecosystem.

Mitigate



5. Operate responsibly and transparently vis-à-vis commercial partners and suppliers, by adopting preferential selection criteria for those parties that responsibly manage environmental and social impacts.

Operate



6. Contribute to implementing public interest projects, including in collaboration with public institutions, local authorities, companies and profit and non-profit parties, to create shared value for the local area and community.

Contribute



Specifically, the process to define the 2024 activities was based on a series of specific discussion meetings held at the end of 2023 during the data collection period with the contact persons of the departments involved in order to analyse the commitments/goals, actions/activities and monitoring KPIs for 2024.

The Impact Manager submitted these findings, which are included in this Report, to the Group Sustainability Committee for information and approval.

In view of the significant regulatory change which will affect sustainability reporting and which will apply to our Company as of 1 January 2024 (CSRD), the Company will define the 2025-2026 Plan as follows:

- **collect the findings of the 2024 Double Materiality Analysis**, conducted in synergy with the Risk Assessment activities, in order to identify the materiality level of material topics in accordance with the CSRD;
- analyse the current Benefit Plan in order to consider a possible **reconciliation with the material topics envisaged by the ESRS**;
- **discuss and share the 2025-2026 Benefit Plan** during one of the periodic management meetings and during the meeting for the definition of the Three-Year Strategic Plan;
- **submit and have the 2025-2026 Benefit Plan approved by the Sustainability Committee**;
- **submit the 2025-2026 Benefit Plan to Reale Mutua's Board of Directors for its validation.**

The activities/actions taken by the Company during the year to pursue the six CBPs, the performance and results obtained, and the commitments for the year to come are described below.

As required by the Benefit Corporation regulations, the impact assessment area to which each individual Purpose contributes is also stated.



Common Benefit Purpose



Offer products and services aimed at continuously improving the relationship with Members/Policyholders that generate economic, social, and environmental value and promote the mutualistic dimension of the Company

Sustainable products and investments

Impact area

Members/Policyholders

Material topics

- Customer centricity
- Reputation, ethics, and business integrity
- Direct environmental impacts and climate change
- Community support and impact philanthropy
- Privacy & Cybersecurity
- Importance of distribution channels
- Sustainable products and investments
- Innovation and digital transformation
- Economic performance and creation of sustainable value



Purpose

With this Purpose, Reale Mutua undertakes to design and develop innovative and accessible impact products and services, to expand the group of potential Members/Policyholders, ensuring them wide accessibility and inclusivity and protecting, with a fully mutual spirit, all categories of policyholders.

ACTIONS	2022 ACTUAL	2023 ACTUAL
Brand Reputation measurement	Brand Reputation index (Reale Group): 69.2 pt	Reale Group: 68.6 pt (-0.6 pt compared to 2022) Reale Mutua: 66.8 pt ³
Development and promotion of products with sustainability features (in accordance with the "Group Guidelines for the Classifying Sustainable Products")	<p>A round table was launched to define the "Group Guidelines for Classifying Sustainable Products", an internal classification document that will streamline the portfolio and develop new, sustainable products.</p> <p>Two sustainable, multi-class products were launched with a specific environmental and/or social benefit: 1) "Multipower Reale Doppio Vantaggio Sostenibile"; 2) "Multipower Reale ESG". The "Pedala Start&Stop" product was launched. This is the first digital native product designed specifically for bicycles and scooters.</p> <p>Monitoring of the premium income and number of customers who purchase products with sustainability features also began.</p>	<p>In 2023, the "Group Guidelines for Classifying Sustainable Products" was formalised and updated to reflect regulatory changes.</p> <p>During the year, the number of products with a specific environmental or social benefit increased in accordance with the "Group Guidelines for Classifying Sustainable Products".</p> <p>Below are the new products launched in 2023 that comply with these features:</p> <p>"Opportunità Reale Doppia Gestione", an insurance investment solution with two underlying segregated accounts. The product is classified under article 8 of the SFDR.</p> <p>"Straordinaria Reale", a segregated account 50% comprised of a specific pool of assets and 50% related to the "Reale Uno" fund whose components are classified under article 8 of the SFDR.</p>

continued >>

³ The Brand Reputation Index refers to the Parent only. Its measurement began in December 2022.

>> continued

ACTIONS	2022 ACTUAL	2023 ACTUAL
<p>>> continued</p> <p>Development and promotion of products with sustainability features (in accordance with the "Group Guidelines for the Classifying Sustainable Products")</p>	<p>>> continued</p> <p>A round table was launched to define the "Group Guidelines for Classifying Sustainable Products", an internal classification document that will streamline the portfolio and develop new, sustainable products.</p> <p>Two sustainable, multi-class products were launched with a specific environmental and/or social benefit: 1) "Multipower Reale Doppio Vantaggio Sostenibile"; 2) "Multipower Reale ESG". The "Pedala Start&Stop" product was launched. This is the first digital native product designed specifically for bicycles and scooters.</p> <p>Monitoring of the premium income and number of customers who purchase products with sustainability features also began.</p>	<p>"Multipower Reale ESG", a multi-class product 100% classified under article 8 of the SFDR where the underlying, Segregated Accounts and Fund, proactively include ESG criteria in their investments, excluding issuers that are not adequately focused on sustainability factors and privileging issuers that are characterised by their positive standing on ESG issues.</p> <p>"Realmente Sereno", a long-term care whole-life solution that pays a monthly life annuity in the case of loss of self-sufficiency, contributing to preserving an adequate standard of living, both for those who are no longer self-sufficient and their caregivers.</p> <p>"RealmenteInSalute DayByDay", a health insurance policy for those who rely on the National Health Service ("NHS") for hospitalisation. The product supplements the NHS with a daily allowance for hospitalisation and guarantees reimbursement or payment for check-ups and diagnostic tests if carried out at private facilities. It also offers the possibility of accessing specialist video consultations, to manage health issues remotely.</p>
Premium income from products with sustainability features (out of total premium income)	—	€530,940,819.36 (18.8% of total premium income)
No. of customers who purchased products with sustainability features (out of the total number of customers who took out at least one new policy during the year)	—	13,139 customers (5.1% of the total number of customers who took out at least one new policy during the year)
Customer Experience Measurement (Net Promoter Score)	Net Promoter Score (NPS): 54.9 (ranging between +100 - 100)	53.86 (ranging between +100 - 100)
Development of a NPS sub-index to monitor customer satisfaction in relation to the products with sustainability features that were launched during the year.	—	75.3 (ranging between +100 - 100)

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ACTIONS	2022 ACTUAL	2023 ACTUAL
Development and promotion of supplementary welfare products for customers and businesses	Monitoring of the following indicators began: 1) number of agencies that sell welfare products; 2) welfare product premiums collected out of total premium income; 3) total customers who purchase welfare products and total number of customers who took out at least one new policy during the year.	1) 372 agencies (out of 389) sell supplementary welfare products. 2) €240,206,577 (8.5% premiums collected from supplementary welfare products) 3) 26,526 customers (10.3% of the total number of customers who took out at least one new policy during the year).
Development of specific products to encourage insurance inclusion and access to prevention and increased awareness and training in the adoption of risk-reducing behaviour in health and welfare and conscious risk management by promoting environmentally sustainable behaviour.	As part of the Group's new strategic plan, this activity will be flanked by cross-cutting work groups in order to integrate insurance products and services. The number of products in portfolio is constantly monitored in accordance with the "Group Guidelines for Classifying Sustainable Products".	Reale Mutua has renewed its Long Term Care offer by redesigning the Realmente Sereno product, a whole-life solution that pays a monthly life annuity in the case of loss of self-sufficiency. The product contributes to preserving an adequate standard of living, both for those who are no longer self-sufficient and their caregivers.

Commitments 2024



1. **Increase the number of products with sustainability features.**
2. **Increase premium income from products with sustainability features** out of total premium.
3. **Increase the number of customers** who purchased products with sustainability features.
4. **Gradual increase in customer satisfaction** for products with sustainability features.
5. **Increase the number of agencies that sell supplementary welfare products.**
6. **Increase supplementary welfare product premiums collected** (out of total premium income).
7. **Increase the number of customers** who purchase **supplementary welfare products** (out of total customers in the portfolio).
8. **Launch projects to design non-life products** in line with the **Green Taxonomy** (Reg. 852/2020).
9. **Increase the number of ESG banking products** in the list available to Banca Reale branches and Reale Mutua and Italiana Assicurazioni agencies.
10. **Increase Banca Reale commitments to goals** linked to environmental sustainability **and social issues.**
11. **Increase the number of female customers** of Reale Mutua and Italiana Assicurazioni who purchased banking and financial products and services from Banca Reale.

Common Benefit Purpose



Develop projects and initiatives aimed at promoting health, well-being, and inclusion

Impact area Employees

Material topics

- Development and enhancement of human capital and culture of inclusion
- Health, safety and well-being of workers
- Customer centricity
- Reputation, ethics, and business integrity
- Direct environmental impacts and climate change
- Community support and impact philanthropy
- Privacy & Cybersecurity
- Importance of distribution channels
- Sustainable products and investments
- Innovation and digital transformation
- Economic performance and creation of sustainable value



Purpose

With this Purpose, Reale Mutua undertakes to protect and enhance the diversity of its Employees and Collaborators, encouraging their self-expression in a work environment respectful of the characteristics and specificities of the individual; the Company recognises and responds to the needs of the "Other", expressing their vocation as a dynamic organisation that protects the mental and physical well-being and the health of its People.

ACTIONS	2022 ACTUAL	2023 ACTUAL
Increase in hiring under 30s	35 new hires under 30, or 37.6% of the total new hires (+16.9% compared to 2021).	22 new hires under 30s, or 45.8% of the total new hires (+8.2% compared to 2022).
Determination of the staff selection process in terms of gender equity and balance.	55 women hired, or 59.1% of the total of new hires (+47.4% compared to 2021).	25 women hired, or 52.1% of the total of new employees, (-7% compared to 2022).
Implementation of middle manager and manager promotion policies based on merit that ensure gender equity aimed at reducing disparity in men's and women's career progression.	57.9% women promoted to middle management positions out of total promotions in this bracket. 33.3% women promoted to management positions out of total promotions to management positions in this bracket.	46.2% women promoted to middle management positions out of total promotions. During the year, in Reale Mutua, one woman was promoted to a management position. The percentage of women holding middle management positions rose to 29.1%, compared to 27.4% in the previous year (+1.7%). The percentage of women holding management positions rose to 18.3% , compared to 16.9% in the previous year (+1.4%).

continued >>



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ACTIONS	2022 ACTUAL	2023 ACTUAL
Adoption of measures aimed at pay equity between men and women.	Monitoring of Gender Pay Equity began ⁴ .	% gender Pay Equity: -24.1% ⁵
Identification of women with great potential to guide towards a career path.	Development paths addressing women with high potential were launched ⁶ .	HiPo paths were set up for all high-potential women, with a total of 38 paths launched during the year. 91% of the succession plans for key senior management roles included at least one woman.
Measurement of employees' sense of well-being and belonging.	The "Great Place To Work® Italia 2022" certification was obtained. The "Trust" indicator ⁷ stands at 66 (stable compared to 2021). The "Respect" indicator ⁸ stands at 69 (+1 compared to 2021).	The " Great Place To Work® Italia 2023 " certification was awarded (survey participation showed an 84% response rate). Trust Index: 65 (-1 pt compared to the previous year). "Respect" indicator: 68 (-1 pt compared to the previous year).
Measurement of employees' perception of inclusion.	Monitoring of the "Inclusion impact index" began ⁹ .	"Inclusion Impact Index": 52.6 (+0.4 pt compared to the previous year).
Monitoring the abandonment rate of women coming back from maternity leave.	A monitoring system for the abandonment rate of women coming back from maternity leave was introduced. There are no cases of dismissals/firings of employees coming back from maternity leave during the year to be reported.	There are no cases of dismissals/firings of employees coming back from maternity leave during the year to be reported.
Setting up of a "Diversity&Inclusion" Committee.	The "Reale Equality" Community was set up. A Group Policy dedicated to diversity issues was prepared. The Equality Transformation Group was set up.	The Equality Transformation Group (ETG) operates within the Gender Equality Project launched in 2022. Its aim is to make the organisation more equitable, open and inclusive, using the gender mix as a competitive factor. Among the main actions carried out in 2023, the ETG drafted and oversaw the Annual Action Plan, monitoring the implementation phases and designing and implementing the first internal communication campaigns. In addition, the ETG launched the Inclusion Impact Index Plus Survey, which maps and measures Diversity, Equity and Inclusion policies, as well as the process for Gender Equality Certification, in accordance with the UNI 125:2022 standard.

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⁴ The RAL (gross annual salary) pay gap by gender was calculated as the difference between the average RAL of women and the average RAL of men, compared to the average RAL of men.

⁵ This indicator shows the calculation of the overall pay gap without considering the differences in terms of role and experience. In practice, a "pyramid pay" is in place that favours men holding positions of greater responsibility. A comparison of men and women pay on a like-for-like basis, such as employment level and seniority, would reveal a marginal gap.

⁶ The Hi-Po Program identifies people with great potential not yet fully realised and assists the development of a policy that is more sensitive to diversity and inclusion in people management.

⁷ Great Place to Work survey indicator that measures the corporate climate and index of trust in the company

⁸ Great Place to Work survey indicator that measures the focus on professional development, involvement, and care for Employees.

⁹ Index developed by Valore D that provides a complete framework of Diversity, Equity, and Inclusion (DEI) policies in the company.

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ACTIONS	2022 ACTUAL	2023 ACTUAL
<p>>> continued</p> <p>Setting up of a "Diversity&Inclusion" Committee.</p>	<p>>> continued</p> <p>The "Reale Equality" Community was set up.</p> <p>A Group Policy dedicated to diversity issues was prepared.</p> <p>The Equality Transformation Group was set up.</p>	<p>Furthermore, the gender equality certification entails the development of a Policy that reflects Reale Mutua's strategic focus in this area.</p> <p>Finally, the "Reale Equality" initiatives were monitored to entrust the task of prompting cultural change on inclusion and diversity to an online community, focusing, in particular, on gender-related issues.</p>

Objectives 2024



1. **Start the process to obtain the Certification of Gender Equality** with the publication and dissemination of a gender equity policy, including through the Community Reale Equality tool which will be used to further disseminate the policy and engage people.
2. **Review the Gender Equality Steering Committee** prior to obtaining the relevant Certification.
3. **Maintain the Great Place to Work certification.**
4. **Ensure equality in the career progression of men and women** through regular data monitoring in order to assess progress and identify areas for improvement, and committing to constantly improve the number of women holding middle management and management position.
5. **Launch the new portal for the promotion of Well-being services.**
6. **Implement the Health Prevention Programme.**
7. **Launch the Nutritional Education Programme.**
8. **Launch the pilot project offering tampon kits** in company toilets.
9. **Replicate the flu vaccine** campaign.
10. **Maintain a high level of attention on occupational safety and work-related stress.**



Common Benefit Purpose



Support the personal and professional growth of employees, collaborators and directors, including through training and cultural activities and the development of corporate welfare initiatives

Impact area Employees

Material topics

- Development and enhancement of human capital and culture of inclusion
- Health, safety and well-being of workers
- Customer centricity
- Reputation, ethics, and business integrity
- Community support and impact philanthropy
- Privacy & Cybersecurity
- Sustainable products and investments
- Innovation and digital transformation
- Economic performance and creation of sustainable value



Purpose

With the third Common Benefit Purpose, Reale Mutua undertakes to strengthen and promote the professionalism of its people through continuous training, with the goal of developing new knowledge and encouraging innovative and efficient working methods. The Company is developing a corporate culture based on enhancing the professionalism and talents of each individual, with a view to creating a pleasant and stimulating, collaborative and flexible work environment in relation to the needs, inclinations, and personal and professional development goals of its Employees and Collaborators.

ACTIONS	2022 ACTUAL	2023 ACTUAL
Involvement of Employees in extracurricular activities with general/social purposes.	<p>29 Employees joined corporate volunteering schemes (-51% compared to the previous year).</p> <p>436 hours donated (-65%).</p> <p><i>This significant decrease is due to the exceptional commitment offered by volunteer employees in the Reale Hub CV-19 during 2021 (9,580 hours donated by more than 200 volunteers).</i></p> <p>1,002 Ordinary members enrolled in the Company Recreational Centre (CRAL) (+5% compared to 2021) and 1,115 family members (+10.8% compared to 2021).</p>	<p>13 Employees joined corporate volunteering schemes (-41.4% compared to the previous year)</p> <p>159.5 hours donated (-63.4% compared to the previous year).</p> <p><i>The reasons for the decrease are twofold: on the one hand, a reorganisation of the offer and the availability of host associations, which underwent significant organisational changes following the new post-Covid protocols; On the other, the expansion of the scope of the corporate volunteering scheme, which will be extended to the whole country.</i></p> <p>1,021 Ordinary members enrolled in the Company Recreational Centre (CRAL) (+1.9% compared to 2022) and 1,205 family members (+8% compared to 2022).</p>
	<p>1,080 Employees subscribing to the "Company Solidarity" fund¹⁰ (91% of total Employees)</p>	<p>1,093 Employees subscribing to the "Company Solidarity" fund (+1% compared to 2022)</p>

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¹⁰ This mechanism ("mutual in the mutual") financially assists colleagues who, having exceeded the contractually-agreed terms for absence due to sickness or injury, lost their right to remuneration.

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ACTIONS	2022 ACTUAL	2023 ACTUAL
<p>Delivery of training on issues impacting the environment and society via courses/workshops/meetings.</p>	<p>443 training courses delivered by the Group Academy Training School for Employees, 31 of which covered ESG issues (+1.7% compared to 2021).</p> <p>3,631 hours of courses on ESG issues (-5% compared to the previous year).</p> <p>2,589 participants (+6.5% compared to 2021).</p> <p>557 Employees participating in courses on Well-being issues (+2.2% compared to 2021).</p> <p>2,869 hours of courses on Well-being issues (+5% compared to 2021).</p> <p>Overall approval rating of the courses delivered by the Academy: 81 points (out of 100).</p>	<p>520 training courses delivered by the Academy, of which: 56 covering ESG issues (+12.5% compared to 2022).</p> <p>655 hours of training on ESG issues (+83.3%)</p> <p>3,695 participants (+42.7% compared to the previous year)</p> <p>2,193 Employees participating in courses on Well-being issues (+394% compared to 2022).</p> <p>3,882 hours of training on Well-being issues (+35% compared to 2022)</p> <p>Overall approval rating 81.8% (+0.8% compared to the previous year)</p>
<p>Delivery of training courses to support new Leadership, with goals for developing behavioural skills that encourage collaborative and inclusive leadership throughout all levels of the organisation.</p>	<p>The following training courses for the Corporate Bodies and Senior Management were delivered:</p> <ul style="list-style-type: none"> ● "IFRS Project: 2022-2024 Reale Group Plan and development of performance indicators"; ● "The evolution of the development processes for the insurance offering in light of the implementation of the POG regulations and Value for Money of products". ● "Sustainability Seminar" (seminar also extended to Delegates). <p>309 people including Employees (and Managers), Temporary workers, and Interns were involved in training courses for "a new Leadership", for a total of 3,119 training hours.</p> <p>Increase from 71% to 94% of Managers trained.</p> <p>The "Digital Breakfast" Project was launched, with regular digital events for dialogue with Management on change management issues.</p> <p>The "Mindfulness in Action" Project continued: thematic paths open to all Employees to practise the benefits of Mindfulness.</p>	<p>The following training courses for the Corporate Bodies and Senior Management were delivered:</p> <ul style="list-style-type: none"> ● "General macroeconomic scenario: inflation, interest rates and Reale Group's strategy" (2h, 79% redemption rate) ● "Artificial Intelligence" (AI) (2h, 60%) ● "Phase 2 internal model and pre-application" (workshop for the Corporate Bodies of the Group's Italian insurance companies) (1.20h, 97%) ● "Ambition Letter and Budget Letter: Reale Group strategies, priorities and objectives" (4h, 80%) ● "The new sustainability challenges and strategies of Reale Group" (2.20h, 63%) ● "The Agency of the future: how the Agency architecture is changing" (2h, 63%) ● "Explore AI - Artificial Intelligence and Cybersecurity" (webinar also extended to Delegates) (1.5h, 65%) ● "Catastrophe and climate risks: new challenges in relation to climate change" (2h, 65%) ● "Health" (workshop also extended to Delegates) (2h, 64%) <p>The training offer to support new leadership has been expanded with new courses that help middle management to make decisions in the midst of complexity, adopt a relational approach facilitating team creation and consolidation, and enhance their well-being skills by taking care of themselves and the team.</p> <p>416 people (+34.6% compared to the previous year) including Employees (and Managers), Temporary workers, and Interns were involved in training courses for "a new Leadership", for a total of 3,669 hours of training (+17.6% compared to the previous year).</p> <p>99,2% Managers trained (+5.2% compared to 2022).</p>

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ACTIONS	2022 ACTUAL	2023 ACTUAL
<p>>> continued</p> <p>Delivery of training courses to support new Leadership, with goals for developing behavioural skills that encourage collaborative and inclusive leadership throughout all levels of the organisation.</p>	<p>>> continued</p> <p>The following training courses for the Corporate Bodies and Senior Management were delivered:</p> <ul style="list-style-type: none"> ● “IFRS Project: 2022-2024 Reale Group Plan and development of performance indicators”; ● “The evolution of the development processes for the insurance offering in light of the implementation of the POG regulations and Value for Money of products”; ● “Sustainability Workshop” (also extended to Delegates). <p>309 people including Employees (and Managers), Temporary workers, and Interns were involved in training courses for “a new Leadership”, for a total of 3,119 training hours.</p> <p>Increase from 71% to 94% of Managers trained.</p> <p>The “Digital Breakfast” Project was launched, with regular digital events for dialogue with Management on change management issues.</p> <p>The “Mindfulness in Action” Project continued: thematic paths open to all Employees to practise the benefits of Mindfulness.</p>	<p>The “Innovation Bites” meetings on the culture of innovation, held entirely in streaming, continued; this year's topic was “data culture”, which is central for a company that plans to become a Data Driven Company.</p> <p>The “Digital Breakfast” project continued with digital meetings with management to discuss change-related issues (e.g., generative Artificial Intelligence).</p> <p>The “Mindfulness in Action” Project continued: theme-based paths open to all Employees to practise the benefits of Mindfulness.</p>
<p>Communication and engagement to increase awareness on sustainability issues and, in general, the exchange of good practices with a cross-fertilisation approach among the different business areas.</p>	<p>—</p>	<p>Great Place to Work survey Pride Dimension indicator (compared to the previous year): 67 pt (-2 pt compared to 2022)</p>

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ACTIONS	2022 ACTUAL	2023 ACTUAL
<p>Launch cross-business training laboratories and exchange of good practices with a cross-fertilisation approach among the different business areas.</p>	<p>—</p>	<p>During the year, the changes that affected the employment market and our sector made it necessary to revise the focus on the strategic guidelines that qualify the Group's "People strategy 2023", to the extent of the "New ways of working" topic.</p> <p>Three main streams were developed in terms of cross fertilisation:</p> <ol style="list-style-type: none"> 1. the progressive dissemination of the Agile methodology, business improvement projects with a matrix-based working scheme and, finally, the intergenerational comparison. <p>The Agile methodology transforms the business and IT sectors into Agile teams that develop solutions in accordance with the Agile/Scrum methodology, using working schemes based on greater autonomy, widespread responsibility and sharing.</p> <ol style="list-style-type: none"> 2. The matrix-based work is a model developed as part of the Group Transformation Programme, in which four vertical thematic streams (Motor, Non-Motor, Life and Welfare) relate and co-generate transformation files by closely cooperating with eight other cross-departmental functions, such as Networks, Payments, Customer centricity, Data driven, Digital transformation, etc. 3. The intergenerational comparison: this activity was carried out thanks to Generational tandem, a side-by-side pathway, whereby senior and junior tutors exchange points of view, value differences in age and experience and develop skills with a cross-cutting vision. The aim of the project was to foster the inclusion of new generations, enhancing the communication skills and technological know-how of senior tutors, expanding the personal network and thinking about the development of junior tutors, in addition to transmitting commitment and values. Around 60 colleagues from all over the Group met in classrooms for three-day face-to-face training.
<p>Valuing, promoting, and developing a culture of well-being for Employees</p>	<p>A Well-being department was set up in order to promote an internal context that improves the well-being of people, their participation in company development processes, and their engagement.</p> <p>During the year, the department analysed the benefits and services currently offered to the Group's employees in order to plan a first-prevention service and take care of health holistically, with a set of initiatives aimed at promoting behaviours in order to stay healthy.</p>	<p>The implementation of a monitoring system aimed at listening to and identifying the needs of colleagues is one of the strategic assets of the Corporate Well-being department which was set up in the second half of 2022.</p> <p>During the year, the pillars of the department were defined, namely its strategic vision, the work model, the survey of the many well-being institutions that, for years, have characterised the welfare offer within the Reale Group ecosystem.</p> <p>The focus of the model's creation phase was on the legal entities of the Italian Group with a view to customisation based on the peculiarity of infrastructures, contract specifications and the needs of individual countries.</p> <p>During the start-up phase, after creating a specific storytelling area in Reale, a technological platform was identified in order to develop a better employee experience with respect to the use of services and benefits. Furthermore, awareness-raising campaigns and systematic listening schemes were carried out via the instant pooling function, a listening method that will be flanked by the results of specific surveys and focus groups for in-depth checks.</p> <p>The platform, which is currently being fine-tuned, will be deployed in the first half of 2024.</p> <p>At the same time, several initiatives were carried out, focused, in particular, on health.</p> <p>This includes, for example, the anti-flu campaign which, in October, delivered approximately 1,300 vaccines to employees and their families, in the Group's main offices in Italy. This was followed by the launch of the "Virtual Hospital" in November, which provides a series of health-related services.</p>

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ACTIONS	2022 ACTUAL	2023 ACTUAL
Increase in the measures which help employees to obtain high-end training certificates and develop professional skills (for example, degrees and master's degrees).	—	The higher education initiatives and schemes offered to colleagues were based on the company-level employees' agreements which provide for study support measures. These include, in particular, examination leave and leave to attend universities or master's degree courses. The renewal of contracts in 2022 confirmed all the existing study support measures already in place for 2023. Furthermore, the Corporate University Academy offer was integrated, including in its course catalogue various high-end training courses organised in collaboration with several leading local institutes, in order to improve both the technical and managerial skills of colleagues.
Communication and engagement to increase awareness of sustainability issues.	Reale Foundation Employees Contest "OurPeople4People 2022": 25 candidate projects, 175 voting Employees, 11,859 votes.	Reale Foundation Employees Contest "OurPeople4People 2023": 16 candidate projects, 12,272 voting Employees, €40,000 disbursed.

Objectives 2024



- Facilitate the entry of new employees** through onboarding schemes and encourage exchange and sharing between generations.
- Promote job rotation** and increase the number of international experiences.
- Foster the development of an international culture** and the dissemination of information on all countries in which the Group operates to raise awareness of the different conditions.
- Assist those involved in the Strategic ESG Project** through change management initiatives.
- Raise awareness of the emerging topic of artificial intelligence** and its responsible and ethical use.
- Launch the Caregiving service** and engage the corporate population.
- Create individual development plans** with colleagues and line managers, based on their key strengths and development areas.
- Continue the GOAT Project for the under 35.**

Common Benefit Purpose



Mitigate the environmental impacts of activities in order to contribute to protecting the environment and ecosystem

Impact area Environment

Material topics

- Customer centricity
- Reputation, ethics, and business integrity
- Direct environmental impacts and climate change
- Community support and impact philanthropy
- Privacy & Cybersecurity
- Sustainable products and investments
- Innovation and digital transformation
- Economic performance and creation of sustainable value



Purpose

The issues of caring for and respecting the environment are focused on reducing the environmental impact of Company activities through measures that integrate sustainability components into the processes, products, and investments in order to disseminate and support ethical and resilient behaviours.

ACTIONS	2022 ACTUAL	2023 ACTUAL
Increase in the allocation of financial resources in accordance with art. 9 of the SFDR (Sustainable Finance Disclosure Directive) regulations.	Total value of investments in EU financial products under art. 9 pursuant to the SFDR Regulation out of the Entire Portfolio of Reale Mutua: €49,573,691.11 (0.5% out of the total portfolio).	<p>In 2023, both the implementation of the SFDR (Sustainable Financial Disclosure Regulation) Level 2 regulatory technical standards and the regulatory clarifications on the investments underlying art. 9 products led management companies to reclassify their funds, including downgrading their dark green products to light green, hence from art. 9 funds under the SFDR to art. 8 funds.</p> <p>This reclassification led to a reduction in the number of art. 9 instruments in our portfolios which, at the end of December 2023, numbered 24,849,429.60 (or 0.2% of the total portfolio).</p> <p>However, in order to contribute positively to the environmental impact generated by our portfolio, the percentage invested in green bonds was increased as part of the impact investing strategy envisaged in Reale Group's Sustainable Securities Investment Policy.</p> <p>The green bond in portfolio rose from €511 million at the end of 2022 to €635 million at 31 December 2023, up by approximately 24%.</p> <p>The increase on the total securities portfolio was equal to approximately 2%.</p>
Reduction in CO ₂ emissions	1,695.09 tonnes of direct (Scope 1) and indirect (Scope 2) emissions of GHG (- 7.8% compared to 2021). 757 tonnes of indirect emissions (Scope 3) estimated on the share of business travel and home-work trips of RMA estimated workforce.	<p>1,600.49 tonnes of direct (Scope 1) and indirect (Scope 2) emissions of GHG (-5.9% compared to 2022)¹¹.</p> <p>1,035 tonnes of indirect emissions (Scope 3) estimated on the share of business travel and home-work trips of RMA estimated workforce (+37% compared to 2022).</p>

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¹¹ Scope 1 includes thermal consumption and the use of Reale Mutua car fleet.



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ACTIONS	2022 ACTUAL	2023 ACTUAL
Gradual replacement of the corporate fleet with hybrid vehicles	59.2% of RMA car fleet is composed of low-impact cars (electric, mild hybrid, full hybrid, and plug-in).	73.6% of RMA car fleet is composed of low-impact cars (+14,4% compared to the previous year).
Actions for rationalising consumption in RMA headquarters	<p>Starting in July 2022, various activities were launched in order to reduce consumption and the environmental impact of the office headquarters in Turin, Milan, and Udine:</p> <ul style="list-style-type: none"> • Technical actions (regulation of the setting up of systems, closure of one of the two headquarters in Turin on Fridays, and switching-off the building signs starting from 11:30 p.m.); • “Beelly” communication campaign that promotes a balanced use of resources and a culture focused on reducing waste. <p>The partial closure of the headquarters from 21 October to 31 December 2022 led to savings of approximately 59 thousand Kilowatt and of 30,000 m³.</p>	<p>As part of the Reale Immobili Facility Office scheme, the following actions were implemented in order to reduce the environmental impact of RMA main Italian offices:</p> <ul style="list-style-type: none"> • geothermal energy • increase in wall box systems • strengthening the BMS management system • office renovation for NewNow • relamping CRAL football pitch • expand the surface area of photovoltaic panels at CRAL to increase the quantity of self-produced energy
Application of the GRESB Rating to the real estate portfolio of Reale Immobili.	Reale Immobili has carried out a Gresb (Global Real Estate Sustainability Benchmark) pre-assessment in order to understand its positioning in terms of ESG performance in the international market scenario.	<p>Gresb 2023 official score ratings</p> <ul style="list-style-type: none"> • total PERFORMANCE score (69/100) (Gresb average 75/100) • total DEVELOPMENT score (84/100) (Gresb average 83/100)
Mitigation of the depletion of natural resources.	<p>Monitoring of electricity and water consumption and of waste produced (paper and toners) began.</p> <p>The commuting policy was updated, including incentives to use public transport.</p>	<p>The ‘Nando’ the smart bin pilot project was launched, developed by the Re Learn start-up which, by exploiting artificial intelligence and robotics, is able to identify and facilitate the sorting of the waste placed in it, in order to contribute to improving separate waste collection.</p> <p>Launch of the “Re-Cig” pilot project for the recycling of cigarette butts, in order to recover and reuse the plastic included therein.</p>

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ACTIONS	2022 ACTUAL	2023 ACTUAL
Business trips	<p>Monitoring of km travelled for business trips began:</p> <ul style="list-style-type: none"> ● 3.3 million km travelled by plane for business trips (1 million in 2021); ● 5.5 million km by train (3 million in 2021); ● 3.2 million km by car (data not measured in 2021); ● 12 million total km travelled for business trips. <p>The increase in km travelled for trips in 2022 was due to the recovery of travel after the mobility restrictions during the COVID-19 pandemic.</p>	<p>Km travelled for business trips are as follows:</p> <ul style="list-style-type: none"> ● 3.9 million km travelled by plane for business trips (+18%); ● 5.7 million km travelled by train (+4%); ● 3.6 million km travelled by car (+12%); ● 13.2 million total km travelled for business trips.
Training and awareness-raising schemes aimed at changing Employees' mobility attitudes.	<p>In 2022, the home-work questionnaire was distributed to Employees. 1,169 Employees filled in the questionnaire; of these, 735 declared using sustainable means of transport</p>	<p>In 2023, the home-work questionnaire was distributed to 1,207 Employees; of these, 738 declared using sustainable means of transport, in line with the previous year</p>

Objectives 2024



- 1. In 2024, we will continue to focus on the increase in impact investing securities**, possibly considering, in addition to the environmental aspect, social and sustainability bonds, in order to anticipate the market trends that could result from the publication of the Social Taxonomy
- 2. Launch a pilot project for energy transition services** for Reale Mutua and Italiana customers, specifically SMEs and multi-apartments buildings
- 3. Test a digital platform to streamline the management of multi-apartments buildings** in terms of consumption, spaces and community engagement
- 4. Confirm the gradual consumption efficiency** at RMA offices
- 5. Confirm the gradual replacement of the company fleet** with low-impact vehicles
- 6. Ongoing monitoring of consumption with a view to optimisation and reduction** via targeted actions (systems, architecture and behaviour) for RMA offices, in order to improve on 2023 figures
- 7. Ongoing monitoring of waste** with a view to optimisation and reduction compared to 2023 figures
- 8. Improve the Gresb rating** by pursuing real estate portfolio actions (green certifications, Net Zero Carbon Policy, physical risk monitoring, improvement of relationships with stakeholders)



Common Benefit Purpose



Operate in a responsible and transparent way vis-à-vis commercial partners and suppliers, adopting preferential selection criteria for parties that responsibly manage environmental and social impacts

Impact area Supply chain

Material topics

- Health, safety and well-being of workers
- Customer centricity
- Reputation, ethics, and business integrity
- Direct environmental impacts and climate change
- Community support and impact philanthropy
- Privacy & Cybersecurity
- Importance of distribution channels
- Sustainable products and investments
- Innovation and digital transformation
- Economic performance and creation of sustainable value



Purpose

With the fifth Common Benefit Purpose, Reale Mutua undertakes to ensure sustainable management of its supply chain and all the procurement, production, and distribution processes directly driven by the company or attributable to it through its Suppliers and network of commercial and operational partners.

ACTIONS	2022 ACTUAL	2023 ACTUAL
Assessment of the social and environmental impact of suppliers.	<p>An ESG assessment of 123 active suppliers registered with the Suppliers Register, selected according to the principle of Purchase Orders (> 50k for the Group and > 10k for Reale Immobili) began, in collaboration with Consorzio ABC - Procurement & Cost Management.</p> <p>Results of the ESG rating conducted in 2022:</p> <ul style="list-style-type: none"> ● 49 Suppliers out of 123 are ESG+++ (40%); ● 29 Suppliers ESG++ (24%); ● 25 Suppliers ESG+ (20%); ● 20 Suppliers ESG 0 (16%). 	<p>The ESG assessment carried out in 2023 by Consorzio ABC was extended, covering 206 Suppliers (15% Active Suppliers in 2023). ESG Rating:</p> <ul style="list-style-type: none"> ● 88 Suppliers out of 206 are ESG+++ (43%) ● 50 Suppliers out of 206 are ESG++ (24%) ● 39 Suppliers out of 206 are ESG+ (19%) ● 29 Suppliers out of 206 are ESG 0 (14%) <p>At the same time, in collaboration with the Group Risk Governance and Group Sustainability departments, the need to develop a sustainable purchasing strategy was identified, starting from the integration of ESG principles in procurement decisions and processes and reducing exposure to possible reputational and compliance risks. Therefore, a market survey was launched to identify an "ESG rating provider", specialised in the ESG assessment of the supply chain, in order to perform a more extensive and representative assessment of Italian and foreign Suppliers.</p>

Objectives 2024



1. **Select one or more Providers** and launch an ESG rating of Suppliers.
2. **Increase the % of suppliers subject to ESG rating** compared to the total supplier base.
3. **Integrate the sustainability principles into the Group Procurement Policy**, to the extent of the scope managed directly by Group Procurement, in order to ensure that the supplier vetting process for contract awarding is in line with the Group's principles.
4. **Progressive inclusion of the relevant social and environmental clauses** (new contracts and/or renewals) in contractual documentation.
5. **Include the UNI ISO 20121 certification as a preferential parameter** for Suppliers, during the tender/negotiation/contract awarding stage.
6. **Define actions, targets and improvement plans** to be implemented as of 2025 following the beginning of the collaboration with the Partner identified in 2024 and the related assessment.

Common Benefit Purpose



Contribute to implementing collective-interest projects, including in collaboration with public institutions, local authorities, companies and profit and non-profit parties, to create shared value for the region and community

Impact area Local area and community

Material topics

- Development and enhancement of human capital and culture of inclusion
- Health, safety and well-being of workers
- Customer centricity
- Reputation, ethics, and business integrity
- Direct environmental impacts and climate change
- Community support and impact philanthropy
- Privacy & Cybersecurity
- Sustainable products and investments
- Innovation and digital transformation
- Economic performance and creation of sustainable value



Purpose

Reale Mutua stimulates dialogue with companies, public bodies, civil society, and institutions, constructs and maintains continuous, proactive, and transparent relationships with the community, actively supporting and collaborating in the co-creation of projects and initiatives with great social and cultural value, spreading the culture of sustainability within the areas where the Company operates.

ACTIONS	2022 ACTUAL	2023 ACTUAL
Promotion and support in the development of events/programmes concerning issues of sustainability, mutuality, inclusion, and social diversity, climate change, and environmental protection addressing young people and schools in particular.	<p>The Reale Mutua History Museum set up some teaching projects for schools to promote sustainability issues:</p> <ul style="list-style-type: none"> • “Agenda 2030: a Reale goal!”; • “Sostenibilità – Lab”: a laboratory dedicated to high school students. Educational events were promoted on the issues of mutuality, sustainability, and inclusion; • “The Mutuality Way”: a debate organised and hosted by RMA as part of the Festival of Economics on the issue of mutuality, Benefit Corporations, and impact economics; • F@MU Days – Families at the Museum on the issue of “Different but Equal”. <p>A visitor’s path for the Museum for refugees was also launched.</p>	<p>The Reale Mutua History Museum launched some educational projects with a social purpose:</p> <ul style="list-style-type: none"> • PCTO for a young student with multiple disabilities (8 hours of training divided into a customised visit to the Museum and laboratory activities) <p>Educational events were promoted on the issues of mutuality, sustainability, and inclusion:</p> <ul style="list-style-type: none"> • “A Night at the Museum” - concert of “Il duo Alterno – Arie di Danza”, in collaboration with Centro Bisacco of Turin, for adults with cognitive disabilities. • F@MU days - Famiglie al Museo – “Apriti Museo” via the Digitally Excluded website of the ETF and ITC-LILO to experiment with the topic of (in-) accessibility. • FORMA: “Santa Clause bike ride” and exhibition of 80 drawings by schools in favour of children hospitalised at the Regina Margherita Children’s Hospital.
External perception of the commitment of the Company (“Citizenship”) in relation to society and the region.	<p>“Citizenship - Positive influence on society” Indicator¹²: 68.2 (68.4 in 2021).</p>	65.4 pt (-2.8 pt compared to 2022)

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¹² The “Citizenship” indicator is one of the dimensions composing the Group’s Brand Reputation index. It summarises the analysis of the Italian public opinion given by the average of 3 underlying factors: Reale Group is a business that acts responsibly to protect the environment; Reale Group is active in supporting just causes in society; Reale Group has a positive impact on society.



>> continued

ACTIONS	2022 ACTUAL	2023 ACTUAL
<p>Collaboration with public and private bodies in the region to support initiatives in favour of environmental and social regeneration.</p>	<p>Reale Foundation contributed to the environmental upgrade of the tree-lined avenue of Piazza Arbarello in Turin that restored new shared green spaces to the citizens.</p>	<p>Reale Foundation, in partnership with the Turin Council, financed the redevelopment of the public green area of Via Mascagni in Turin, donating sports equipment and a new sports-social aggregation centre to the community of the Aurora district, a peripheral area of the city.</p> <p>Furthermore, again in collaboration with the Municipality of Turin, Reale Foundation financed the redevelopment of Corso Siccardi in Turin.</p>
<p>Collaboration with cultural and training bodies in the region to develop a professional training path by developing teaching projects or dissertations</p>	<p>—</p>	<p>Reale Foundation made a donation to the De Sono Foundation Associazione per la Musica, in order to offer scholarships for young talents at the Turin Conservatory.</p>
<p>Development of projects aimed at the socio-economic and cultural integration for people from disadvantaged groups.</p>	<p>During the year, Reale Mutua contributed €816,000 to Reale Foundation to develop impact philanthropy projects in the following areas:</p> <ul style="list-style-type: none"> ● Health and Welfare: chronic disease prevention; ● Social: inclusion and socio-economic development of young people; ● Environment and Sustainable Communities: resilience to natural disasters; ● Enhancement and preservation of cultural assets. <p>The projects aimed at the socio-economic and cultural integration of people from disadvantaged groups include: ° School of languages and integration of mothers (Associazione Sudanese Torino); ° Refugee students - a path for the future (Mosaico - Actions for Refugees); ° Welcome. Working for Refugee Integration (UNHCR).</p>	<p>During the year, Reale Mutua contributed € 816,000 to Reale Foundation to develop impact philanthropy projects in the following areas:</p> <ul style="list-style-type: none"> ● Health and Welfare: chronic disease prevention; ● Social: inclusion and socio-economic development of young people. In this respect, in 2023, the Foundation promoted the socio-economic and cultural inclusion of people from disadvantaged groups via many projects, including "Audiovisual napolihub" which targeted young NEETs from the suburbs of Naples and ATT impresa sociale, which works to provide employment to autistic children in the school catering sector. ● Environment and Sustainable Communities: resilience to natural disasters. In this respect, Reale Foundation financed a series of projects, including, inter alia: the Forest Summer School organised by the Giant Trees Foundation, with the aim of recovering the Alpine ecosystem by protecting the communities that live there (10 thousand direct and indirect beneficiaries estimated); the "FAI per essere" project of the Italian Environment Fund (FAI) aimed at boosting young people's engagement through actions that protect culture and landscape; BEZOOM, a project by the Parco Zoom Foundation which focuses on environmental bio-monitoring through bees. <p>In collaboration with Senior L'Età della Saggezza ONLUS, Reale Foundation supported "Coltiviamo Agricoltura Sociale", a call for tenders that rewards social projects within agricultural businesses that managed to combine the slow rhythms of nature with reintegration into work, restoring dignity to thousands of people.</p> <ul style="list-style-type: none"> ● Enhancement and preservation of cultural assets. Support to the communities of Emilia-Romagna and Tuscany, heavily affected by the flood.
<p>Development of projects promoting history and culture of insurance through the activities of the Reale Mutua History Museum.</p>	<p>"Realmente Protetti al Museo" ("Genuinely Protected at the Museum"): citizenship education course for students.</p>	<p>The "Genuinely Protected at the Museum" citizenship education courses continued, involving 235 students from 11 lower and upper secondary classes (10% of loyal teachers).</p>

Objectives 2024

1. **Increase the number of multi-stakeholder projects** with a positive social impact.

2. **Enhance the activities currently in place to strengthen the social impact**, through the ever-increasing involvement of the younger generations, with a view to cultural and intergenerational exchange.

3. **Renovate the exhibition spaces of Reale Mutua History Museum** with a view to public participation in the exhibition concept.

4. **Enhance workshops and courses on sustainability** for secondary schools.

5. **Extend the scope of the Stakeholders covered by the Materiality Analysis.**



In addition to the indicators covered by the infrastructure for measuring the above impact and impact areas, during the year, the Company also monitored the progress of a series of indicators relating to **corporate governance**, as set forth by Annex 5 of Law no. 208/15. This was done to assess the degree of transparency and responsibility of the Company in pursuing the CBPs, focusing, in particular, on the purpose of the Company, the level of stakeholder engagement and the degree of transparency of internal policies and practices.

The positioning of the Company on nine good governance indicators is included below.

GOVERNANCE INDICATORS	2023 RESULTS AND PERFORMANCE
Manager with business responsibilities linked to the mission	All managers of the Company operate in accordance with the Purpose, Vision and Mission of the Company, guaranteeing quality and reliable services for Members/Policyholders and Customers and sound and prudent economic management that generates value and positive impacts for society and the environment.
Managers with incentives for sustainability performance	<p>The Group's remuneration policy provides for the application of performance indicators linked to ESG factors, which guarantee the integration of sustainability risks into incentive systems. Specifically, sustainability goals were introduced which impact the annual variable component of Top Management, aimed at improving Reale Mutua reputation and sustainability performance by adopting a percentage approach to grant the related bonus upon achieving specific goals.</p> <p>The introduction of sustainability indices is in line with the Group's strategy and confirms the growing awareness of the strategic role of sustainability in all business decisions.</p> <p>All Senior Managers benefit from 30% of performance incentives linked to Stakeholder satisfaction and sustainability (10% Net Promoter Score (NPS), 10% Trust Index, 10% Citizenship).</p>
Gender diversity among the governance members (women sitting in the Board of Directors)	In 2023, the percentage of female members of the Board of Directors stood at 13.3%, up on 2022 (12.5%).
Age diversity among governance members (people between 30 and 45 years sitting in the Board of Directors)	At present, no member of the Board of Directors in office is under 45 years.
The company has a written statement or formal policy covering the disclosure of its managers' remuneration.	At present, the Company does not have a document that specifically covers this aspect. This does not configure a regulatory requirement.
Whistleblowing practices	In order to comply with regulatory changes (Legislative decree no. 24/2023), during the year, a new Whistleblowing Procedure was adopted. However, this does not affect the possibility for Employees, Collaborators, Suppliers and Intermediaries of all Group Companies to report any "breaches" they may become aware of through an IT platform (the "Whistleblowing Platform") in which users can file reports in writing or with voice recording. The platform may be accessed from Really, the Company's digital workplace, and from the websites of each Company.
Confirmed incidents of corruption	During the year, there were no confirmed incidents of corruption.
Members of the Board who received specific communications on internal anti-corruption practices and policies	No member of the Board received specific communications on internal anti-corruption practices and policies. However, the process to review the Group's anti-corruption policy is underway in order to increase its alignment with ESG regulations and policies.
Extension of the Code of Ethics to all Group Companies	The Code of Ethics is an integral part of the Organisation and Control Model of all Group Companies.



5. Assessment of the performance on Common Benefit Purposes¹³

Construction of the impact measurement infrastructure: indicators, metrics, and methods

Downstream of the activities referred to above, we developed Reale Mutua's impact measurement and management infrastructure aimed at capturing the measurable aspects of the value dimensions identified in the TOC.

Specifically, the infrastructure made it possible to separate the individual output and outcome value dimensions of Reale Mutua's TOC into a set of impact performance indicators (Key Performance Indicators - KPIs), for which the following were specified:

- the CBPs to which the indicators are linked;
- the SDGs and the related reference targets to which they refer;
- Reale Mutua's impacted and concerned Stakeholders for data collection;
- the reference source (e.g., whether the indicator is an international standard or is independent);
- the relevant ESRS topic and metrics;
- the reference metrics;
- the risks associated with each indicator in terms of whether it can be measured, significance, costs and benefits;
- frequency (e.g. half-yearly, annually) and measurement year (e.g., 2022, 2023).

To define and develop the indicators and metrics, reference was made to some international standards (see the Table below). Where necessary, some indicators were adapted and created ad-hoc to respond to the specific measurement needs of Reale Mutua's activities.

¹³ Section prepared by Triadi.

In order to identify and qualify risks, the Impact Management Project (IMP) was used, as described in the Table below.

DATA BASES	
GRI	<p>The Global Reporting Initiative (GRI) offers guidelines to direct companies in preparing the sustainability financial statements.</p> <p>In this sense, the GRI sets forth various sets of indicators that enable companies to measure their economic, environmental, and social impacts. The GRI, in its latest version adopted in 2021 and in force since 2023, provides for a “general disclosure” part that covers the minimum information to be provided by each organisation, specific guidelines for analysing the material issues of the business sector (currently only available for some sectors, excluding the insurance sector) and three series with indication of the significant economic, environmental, and social issues.</p> <p>This infrastructure takes into consideration some indicators of the 300 series (environmental issues) and the 400 series (social issues).</p>
FAMILY AUDIT	<p>The Family Audit is a management tool available to organisations that wish to certify their commitment in adopting measures aimed at encouraging work-life balance.</p> <p>The main aim of the Family Audit is to promote and support the corporate climate and well-being of workers with the introduction of measures in line with the needs of reconciling work and private life, balancing them with the interests of the organisation itself. In this case, some actions, and the related indicators, which aim to promote the work-life balance within the company and the organisation or balanced work, were taken into consideration.</p>
IMP	<p>Impact Management Project (IMP) is a management tool provided to organisations that wish to undertake a strategic path towards standardising the impact assessment.</p> <p>The IMP unites the Theory of Change and the idea that impact must be intentional, additional, and measurable. In the Reale Mutua context, the IMP was used to develop risk scenarios in terms of due diligence/double materiality in line with the Group Integrated Financial statements and the materiality topics of interest for the business.</p> <p>The identification of risk scenarios through the IMP has the ultimate goal of preparing the Company to best manage its impacts by maintaining an equilibrium between economic profitability and the impact-generating potential of the CBPSs and the actions identified in the measurement infrastructure presented.</p>

COMPLIANCE WITH THE CSRD

As mentioned earlier, following the publication of the delegated act on the first set of European Sustainability Reporting Standards (ESRS) by the European Financial Reporting Advisory (EFRAG), each KPI defined in the impact measurement infrastructure was linked to a ESRS topic and a specific metric.

The adoption of ESRS through delegated acts is envisaged by the co-legislators in the Corporate Sustainability Reporting Directive (CSRD - Directive (EU) 2022/2464) adopted in December 2022.

The Delegated Act and the annexes thereto were published in the Official Journal on 22 December 2023.

At present, the impact measurement infrastructure has been aligned, as far as possible, with the European ESRS sustainability reporting standards.

The goal for 2024 is to further refine the infrastructure and align it as much as possible with the new standards.



PREPARATION AND CALCULATION OF THE PERFORMANCE INDEX

An organisation's impact generation is identified in the adoption and integration of the principles of intentionality, measurability, additionality into corporate processes, practices and strategies. The methods whereby the three components are divided and developed depend on the organisational specificities and speed of implementation of new practices and processes.

The Reale Mutua path towards generating a social and environmental impact began in 2021 and was formalised with the official acquisition of the status of Benefit Corporation. Following this voluntary decision, the Company adopted a business model aimed at generating an impact that entailed the prior definition of intentional impact goals which comprise the six CBSs included in the By-laws.

Impact **intentionality** is the cornerstone of Reale Mutua's CBPs, which implements a cultural change marked by the generation of value based on genuine sustainability and integrated into the way of doing business.

In 2022 and 2023, the Company was assisted by Triadi, a Politecnico di Milano spin-off, in defining the impact measurement infrastructure linked to each CBPs, in order to monitor Reale Mutua's path towards this purpose.

The **measurability** of qualitative and quantitative aspects guarantees the authentic nature of Reale Mutua's operations as a Benefit Corporation. **Additionality**, which translates into the proactive search for and investment in businesses that pursue the generation of social and environmental value as their goal, will involve gradually including specific KPIs into the infrastructure in order to measure the progress towards transforming the insurance business, by adopting sustainable products and services.

Therefore, during the year, the Company undertook to disseminate the impact measuring infrastructure among the various corporate departments, continuing a cultural change path within the organisation that, traditionally, involved an ex-post measurement of aspects linked to sustainability.

The adoption of this model, which involves measuring every single KPI functional to organisational conduct with the ex-ante intention of generating social and environmental impact, will drive the creation, in the medium term, of new shared value for all Stakeholders.

To this end, a **performance index** was defined, based on two essential criteria:

1. the implementation of measuring the KPIs in the plan;
2. the measurement of the trend of KPIs in the plan compared to the previous year, where possible.

The impact index was designed to enhance the ability and speed of implementing new performance indicators linked to achieving the CBPs, as well as improving the positive performance in output KPIs.

6

Purpose Benefit Purposes

provide the *ex ante* definition of impact goals:

- intentional
- measurable
- additional

PERFORMANCE INDEX

The performance index is a value expressed in a range between -100% and 100% and weighs the shift of the KPIs with the capacity to measure the infrastructure as a whole.

If we manage to measure all the KPIs and these have a **positive** shift, the index may achieve a value equal to +100. If we do not manage to measure all the KPIs and these have a **negative** shift, the index may achieve a value equal to -100. The lack of a KPI measurement generates a **neutral** value of 0.

By way of example, if the plan provided for 5 KPIs for the Common Benefit Purpose #X, and the measurement was successful for 3 of 5, including 2 with a positive shift compared to the previous year and 1 with no change, every 1/5 with a positive shift obtains a "full" score of 20%, while the score with no change obtains half points, thus 10%. The non-calculation of two KPIs does not enter the equation, while a negative shift may lead to a "full" score with an opposite sign. Therefore, the total impact index for that common benefit purpose for 2022 is 50% (20+20+10).

The following table indicates the value of the performance index for each CBPs relating to 2023.

Purposes 4 and 6 showed the strongest performance. Specifically, with respect to purpose 4, 9 of the KPIs envisaged for 2022-2023 were measured and 8 KPIs improved compared to the previous year, while for purpose 6, the measurement of the 3 KPIs envisaged for 2022-2023 indicated the need for improvement for all of them.

Purposes 1, 2 and 5 also showed a significant improvement in indices compared to the previous year.

Purpose 3 still shows room for improvement with two KPIs worsening compared to the 6 KPIs measured.

Year 2023	KPIs expected	KPIs measured	KPI improved	KPI (unchanged)	KPI deteriorated	Index for improved KPI	Index for unchanged KPI	Index for deteriorated KPIs	Contents
Purpose 1	2	1	1	0	0	0.50	0.00	0.00	0.50
Purpose 2	9	6	4	1	1	0.44	0.08	-0.11	0.42
Purpose 3	8	6	3	1	2	0.38	0.08	-0.25	0.21
Purpose 4	11	9	8	1	0	0.73	0.06	0.00	0.78
Purpose 5	4	3	2	1	0	0.50	0.17	0.00	0.67
Purpose 6	4	3	3	0	0	0.75	0.00	0.00	0.75

The value of the index average for the CBPs is +0.55 (on a scale of -100 to +100), whose normalised value on a percentage scale is 50.28 (+0.5%).

This indicates the considerable consolidation of the index's performance compared to 2022.

This figure is accompanied by the positive performance of Purpose 4, which increased by 0.23 pt compared to 2022. No data worsened. The KPIs whose performance worsened (3) decreased compared to 2022 (7): this figure is significant considering the increase in the KPIs measured in 2023 compared to 2022 (+6). Overall, the performance index consolidated the 2022 value, showing stability against the increased measurement effort



OUTCOME DIMENSIONS

The impact measurement infrastructure for 2023 included the quantification of nine outcome dimensions (effects and changes generated on Stakeholders), namely:

- **Well-being perceived and customer satisfaction with policies**, linked to purpose 1
- **Fair treatment perceived by employees**, linked to purpose 2
- **Increase in the perceived productivity of employees**, linked to purpose 2
- **Degree of awareness of employee sustainability issues**, linked to the purpose 3
- **Increased sense of belonging to Reale Mutua**, linked to purpose 3
- **Change in employee mobility habits**, linked to purpose 4
- **Increase in awareness of social and environmental sustainability issues and skills necessary to assess the impact generated via supplier activities**, linked to purpose 5
- **Increase in awareness of social inclusion issues**, linked to purposes 6
- **Increase in the quality of life in communities where the relevant actions are implemented**, linked to purpose 6



Outcome measured based on **9** dimensions

Indicators were defined for each outcome and, based on the data collected in Reale Mutua Group, proxies were identified in order to quantify them.

The goal for 2023, the first year of data collection for these outcomes, was to define the baseline value.

Over the next few years, it will include understanding the increases (or decreases) in these dimensions. Consequently, the baseline values of five outcomes were identified: the increase in the equality of treatment perceived by employees, the increase in employees' sense of belonging to Reale Mutua, the change in employees' mobility habits, the increase in awareness of social and environmental sustainability issues and the skills necessary to evaluate the impact generated by suppliers through their activities as well as the increase in the quality of life in the communities where interventions are carried out.

With respect to the first two dimensions- equality of treatment perceived by employees and sense of belonging to Reale Mutua - the Trust Index of the Great Place To Work® and the "Pride" dimension underlying the Trust Index were used as proxies.

The composite index of the Trust index is indeed the average value of five dimensions (credibility, respect, equality, pride and cohesion) which are assessed by the organisation's employees through a survey comprised of 60 items covering the five dimensions.



SROI Impact measurement methodology of Reale Foundation

According to the survey, 67% of employees are proud to work in the Reale Mutua Group and the Trust Index is equal to 65%. Both values, which were already measured in 2022, recorded a 1% decrease. Similarly to 2022, Reale Mutua obtained the Great Place To Work® certification and the goal for 2024 is to maintain it, while further improving the value of the indices thanks to a series of internal initiatives aimed at employee well-being.

In order to quantify the outcome relating to the change in employee mobility habits, a home-work questionnaire was distributed to a sample of employees in 2023. 69.7% of the respondents stated that they used sustainable means of transport (compared to 67.7% in 2022). Furthermore, 44% of the respondents would be willing to change their habits and use sustainable means of transport. This percentage will be monitored over the next few years to check changes in the mobility habits of employees. At present, a 2% increase was identified.

In order to understand the current level of awareness and compliance of Reale Mutua's supply chain, Consorzio ABC conducted an ESG assessment over 206 Suppliers (15% of Active Suppliers in 2023). According to the results, 43% of Suppliers obtained a ESG+++ rating, 24% a ESG++ rating, 19% a ESG + rating and, finally, 14% ESG 0 ratings. At the same time, in collaboration with the Group Risk Governance and Group Sustainability departments, the need to develop a sustainable purchasing strategy was identified, starting from the integration of CSR principles in procurement decisions and processes and reducing exposure to possible reputational and compliance risks. In addition to selecting one or more Providers and launch the ESG rating of Suppliers and increasing the percentage of suppliers subject to ESG rating out of the total balance, the goal for 2024 is to increase the number of suppliers with ESG+++ and ESG++ ratings. According to the 2022 results, which covered 123 suppliers, suppliers with ESG+++ and ESG++ ratings increased from 64% to 67% (+3%).

Finally, with respect to the community outcome, i.e., the increase in the quality of life, at present, the selected proxy reflects the SROI assessment carried out on the "Powercoders" project, supported by Reale Foundation in 2022.

Based on the analysis conducted, the SROI indicator is close to € 5. This means that for every euro invested in the project, the social return on the concerned Stakeholders was more than quadrupled. The proxy of this outcome will be reviewed against the other impact assessments that will be carried out in 2024 on the various projects that the Group supports in the local areas and communities.

For 2024, the goals with respect to outcome dimensions are as follows:

- continuous monitoring of proxy values and actions to counteract potential negative deviations;
- with respect to the outcomes that could not be measured in 2023 through a proxy, define a specific data collection system.



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6. Conclusions

The preparation of the second Impact Report as a Benefit Corporation has enabled Reale Mutua to transparently communicate the pursuit of the common benefit while maintaining its accountability commitments vis-à-vis all its Stakeholders, and to measure the results achieved in terms of positive impact on society and the environment compared to the commitments made in the previous year.

The analysis of the impact generated by the actions/activities implemented during the year was a valuable opportunity to look back to our past actions and to define even more ambitious impact goals to pursue the six Common Benefit Purposes set out in the By-laws.

Reale Mutua plans to become a key player in building a sustainable economy and, to this end, it has launched a strategic Group project, "ESG in Corporate Strategy", with the aim of achieving the full integration of ESG goals into the Group strategy.



7. Sustainability Committee Report

In March 2022, the Sustainability Committee was set up in Reale Mutua. This is an operating body within Reale Group with the function of advising, informing, and making proposals regarding sustainability and to support the Board, including in terms of the obligations involved in obtaining the status of Benefit Corporation.

The Committee is a corporate body composed of 7 directors of the main Group companies, as identified by the Reale Mutua Board, including the Chairperson, who ensure broad representation.

During the year, the Committee analysed the sustainability profiles and alignment with the sustainability strategy of the Group and the activities aimed at achieving the Common Benefit Purposes of the Benefit Corporation. It analysed and approved the Benefit Plan, the methodology adopted and used to measure and monitor the goals to be achieved.

The Committee was also updated at every meeting by the Impact Manager about the actions identified through dialogue with the corporate departments and their progress.

This Report was submitted and approved by the Sustainability Committee at the meeting of 15 March 2024 and subsequently submitted and validated by the Board of Directors of Reale Mutua on 22 March 2024.

Carlo Pavesio

Chairperson of the Sustainability Committee

8. Glossary

A

Additionality

feature of investments with a social or environmental impact, which are made in under-capitalised areas, or in those activities that would, otherwise, be disregarded by any other investor.

C

Common benefit

the pursuit, in conducting Benefit Corporation business activities, of one or more positive effects, or the reduction of negative effects.

Corporate Sustainability Reporting Directive (CSRD)

the CSRD is a EU regulation which came into force on 5 January 2023, and that requires EU companies - including the EU branches qualifying as non-EU branches - to report on the environmental and social impact of their operations and the impact of their efforts and environmental, social and governance (ESG) actions on the company.

D

Double Materiality

the materiality analysis is part of a broader process aimed at integrating sustainability into strategic decisions, while considering Stakeholders' expectations. In sustainability reporting, it is the principle that determines the material topics to be reported as: a) they considerably influence the perception of Stakeholders, and/or b) they reflect the significant impacts of the company on people and the environment.

E

European Financial Reporting Advisory Group (EFRAG)

the advisory body of the European Commission on corporate reporting responsible for accounting standards internationally.

European Sustainability Reporting Standard (ESRS)

a set of new standards and indicators whose objective is to standardise non-financial reporting. They will come into force on 1 January 2024 and apply to reports covering the periods beginning on or after 1 January 2024.

Sustainability reporting principles ensure the quality of the information disclosed, which must be understandable, relevant, verifiable, comparable and fairly represented.



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Impact

the result of the actions of Benefit Corporations, which, by including common benefit purposes in their corporate By-laws, undertake to create value not just for themselves, i.e., profits, but for all stakeholders (customers, employees, the community), society, and the environment.



Impact Manager

the Impact Manager is a professional who supervises and directs the corporate paths aimed at achieving common benefits, standing with the administrative body of the Benefit Corporations and supporting it with the necessary skills (of an economic-corporate, legal, or technical nature) to assess the impact of the activities on the community or environment.

Intentionality

feature of an impact goal, which is intentionally stated (prior declaration) and openly pursued through activities and investments that have the purpose of generating a positive result for the community or environment.

Measurability

feature of an impact goal, which, in addition to being established in advance, is defined so as to be able to be measured, to check whether the expected impacts were actually and effectively achieved.



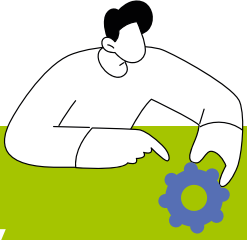


10

UNEP-FI PRINCIPLES FOR SUSTAINABLE INSURANCE

Report on the
implementation
of the Principles

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4 Principles for Sustainable Insurance

1 Embed in the decision-making process environmental, social and governance issues relevant to the insurance business.

2 Work together with customers and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.

3 Work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.

4 Demonstrate accountability and transparency in regularly disclosing publicly the progress in implementing the Principles.

Reale Group joined UNEP FI Principles for Sustainable Insurance (PSI) in March 2023 via its Parent Reale Mutua.

The **UNEP FI Principles for Sustainable Insurance - PSI** serve as a global framework for the insurance industry to address environmental, social and governance (ESG) risks and opportunities. Indeed, the Group believes that the international context can further boost the implementation of its core principles: mutuality and sustainability.

In this respect, Reale Group, also acting as institutional investor and protection provider, **has revised its business model and voluntarily endorsed these commitments**, promoting a change model focused on **sustainable transformation**.

Therefore, by adopting these Principles, Reale Group undertakes to **integrate environmental, social and governance aspects in its decision-making process and its business strategy** to improve its risk assessment and underwriting process and understand the needs of its Members/Policyholders and Customers and the areas and the communities in which it operates with the ultimate goal of playing a key role in the transition to a more sustainable economy.

As required by the PSIs, this report describes how Reale Group has implemented the 4 Principles from the adoption date (31 December 2023).

Reale Group is an international, multiservice Group operating in Italy, Spain, Chile and, since March 2024, also in Greece, through its Parent, Società Reale Mutua di Assicurazioni, and its subsidiaries.

In this report, Reale Group describes the activities implemented by the Group's insurance companies (Reale Mutua, Italiana Assicurazioni, Reale Seguros Generales, Reale Vida y Pensiones and Reale Chile Seguros Generales).

Having joined the PSIs in 2023, some of the activities/actions described below are still in progress. However, information about the progress so far achieved in their implementation is provided.



Principle 1

Embed in the decision-making process environmental, social and governance issues relevant to the insurance business

Company strategy

Reale Group's sustainability governance consists of a set of organisational units, processes and procedures that ensure that ESG factors are always included in the most important decisions at group level.

In 2001, Reale Mutua acknowledged the importance of adopting a tool that described the values, principles and conduct to be complied vis-à-vis its **Stakeholders**. To this end, it developed and published its first **Code of Ethics**. Over the years, the Code of Ethics was adopted by all group companies (2013) and regularly updated (2018 and 2021).

The Code of Ethics helps all those who operate in, with and for the Group to act correctly, fairly and consistently with its culture and **five values: Responsibility, Integrity, Cohesion, Innovation, Centrality of individuals**.

Reale Group's Code of Ethics also confirms the Group's commitment to operate in compliance with all the values and principles of civil society, including that of legality. In this respect, the Group fully complies with all primary and secondary regulations in force in the countries and markets in which it operates.

The Group's **first level** of governance comprises the set of bodies and processes behind the goals set in strategic plans and the monitoring of social and environmental policies.

The Parent's Board of Directors is assisted by a Board Committee, the **Sustainability Committee**, which provides support with respect to sustainability matters in order to promote, at group level, the increasing integration of environmental, social and governance factors in corporate activities aimed at generating positive impacts which, where possible, are measurable and intentional, on the Stakeholders of Reale Group companies and the communities in which they operate, in a medium-long term horizon. Sustainability issues are identified and the significant impacts of the Group's business on the economy, environment and the community are analysed by sharing and exchanging information with the Group's main Stakeholders (Corporate Bodies, Employees, Members/Policyholders and Customers, Insurance Intermediaries and Suppliers). They are required to comment on the importance of material topics and the significance of the impacts. The results of these assessments are made available in the above-mentioned documents and form the basis for the graphic representation of the material topics and the Group's Sustainability Strategy.

2001

first edition of the Code of Ethics

since 2013

extended to all group companies



the **5** values

2022

the Sustainability Committee is set up

since 2021

Reale Mutua has obtained the Benefit Corporation status ratified by IVASS in February 2022



an average of 24.5 hours of annual ESG training per employee

Furthermore, in February 2022, Reale Mutua obtained the **status of Benefit Corporation** (Law no. 208 of 28 December 2015). This resulted in the need to **amend its By-laws** to include in its mission the goal of pursuing, in addition to profits, **six Common Benefit Purposes**, in line with the 17 Sustainable Development Goals (SDGs) of the United Nations and the material topics identified by the materiality analysis. Pursuant to the legislation on Benefit Corporations, Reale Mutua prepares an Annual Benefit Report which covers the pursuit of its common benefit purposes and includes a description of its specific objectives, the impact of its business activities and the future objectives and activities planned.

The Parent's Board of Directors appointed an **Impact Manager**, who is responsible for pursuing the common benefit purposes of the Benefit Corporation and for assisting with the context analysis necessary to define and periodically check the common benefit purposes.

The position is held by the head of the Group Sustainability department.

The sustainability **policies** comprise the **second level** of the Group's ESG governance structure and lead to the definition of goals, rules and activities/actions to be pursued in order to achieve the social and environmental goals set by top management. In this respect, in 2023, numerous group policies and procedures were reviewed and updated to respond to the recent regulatory developments and resulting organisational needs.

These include the **Sustainability Risk Management Policy**, the **Reputational Risk Management Policy**, the **Procedure for the preparation of the Integrated Consolidated Financial Statements**, and the **Procedure for the implementation of the Group's Environmental management system**.

The Remuneration Policy is currently being revised in order to include a KPI that better reflects sustainability risks in the variable remuneration of managers¹.

The **third level** comprises the **organisational units** that effectively implement the sustainability goals. In this respect, the Group Chief Sustainability & Institutional Communication Officer is one of the General Management units entrusted with cross-cutting and global control and steering functions and with the aim of ensuring the proper implementation of the Group's Sustainability Strategy.

In order to ensure that its corporate culture complies with ESG goals, Reale Group regularly organises **training and engagement activities for Top Managers, Directors, Statutory Auditors and Employees**. In 2023, the average hours of training per employee totalled 24.5.

¹ At present, 30% of Top Managers' performance incentives are linked to Stakeholder Satisfaction and sustainability, of which 10% is pegged to the Net Promoter Score (NPS) performance, 10% to the Trust Index performance and another 10% to the Citizenship KPI performance. The latter indicator summarises the perception of Italian public opinion given by the average of three following underlying factors: Reale Group acts responsibly to protect the environment, is active in supporting the right causes in society and makes a positive impact on society.



Specifically, during the year, training covered the following ESG areas:

- September - Dynamo Camp WS for Directors on "Ambition Letters and Budget Letters: strategies, priorities and goals";
- September - WS for governance bodies on "New sustainability challenges and Reale Group's strategies";
- July - Four days of ESG Technical Training for the employees of all the Group's functions.

In 2023, Reale Group decided to continue its journey towards compliance with the new CSRD regulation and to carry out a double materiality analysis in accordance with the new criteria currently set out in EFRAG's ESRS standard².

The double materiality analysis is part of a broader process aimed at integrating sustainability into strategic decisions, while considering Stakeholders' expectations. This assessment will identify the impacts, risks and opportunities (IROs) caused and incurred by the Group in terms of sustainability.

This analysis will enable the Group to further fine-tune the methodology previously applied by defining, for each potentially material topic the related impacts, risks and opportunities (IROs) that have been assessed by the stakeholders concerned.

The material topics covered by the NFS are those resulting from the impact materiality under the GRI Standards. The list of material topics and their priority was approved by the Group's Sustainability Committee and validated by the Board of Directors of Reale Mutua at its meeting on 1 December 2023.

The crucial topics identified by the materiality analysis are as follows:

«Development and enhancement of human capital and culture of inclusion», «Health, safety and wellbeing of workers» and «Customer Centricity». «Reputation, ethics, and business integrity», «Direct environmental impacts and climate change» and «Community support and impact philanthropy» remain highly relevant topics, also in line with sustainability macro-trends, in which stakeholders are increasingly interested.



ESG training targeting:

Directors

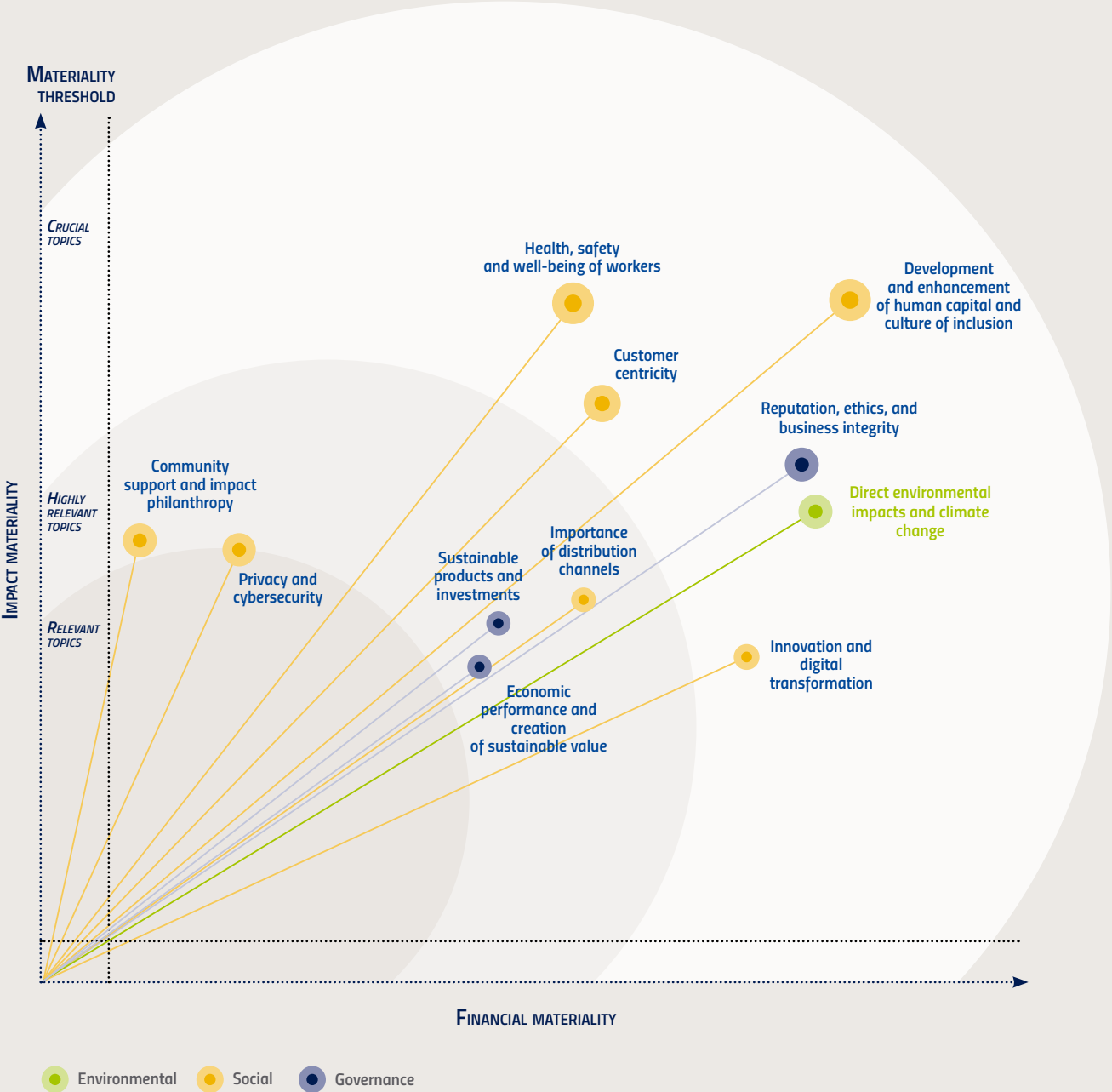
Governance bodies

Employees of all functions

² The current regulatory environment is represented by the ESRS (European Sustainability Reporting Standards - to the extent of "cross cutting standards" and "topical standards"), finally approved by the European Commission and published in the Official Journal of the European Union on 22 December 2023 (see Delegated Regulation 2023/2772). At the time of drafting this document, the final version of the "Implementation Guidance - Materiality Assessment" was not yet available. This will be a major methodological reference for conducting the next Double Materiality Analysis.



Material topics





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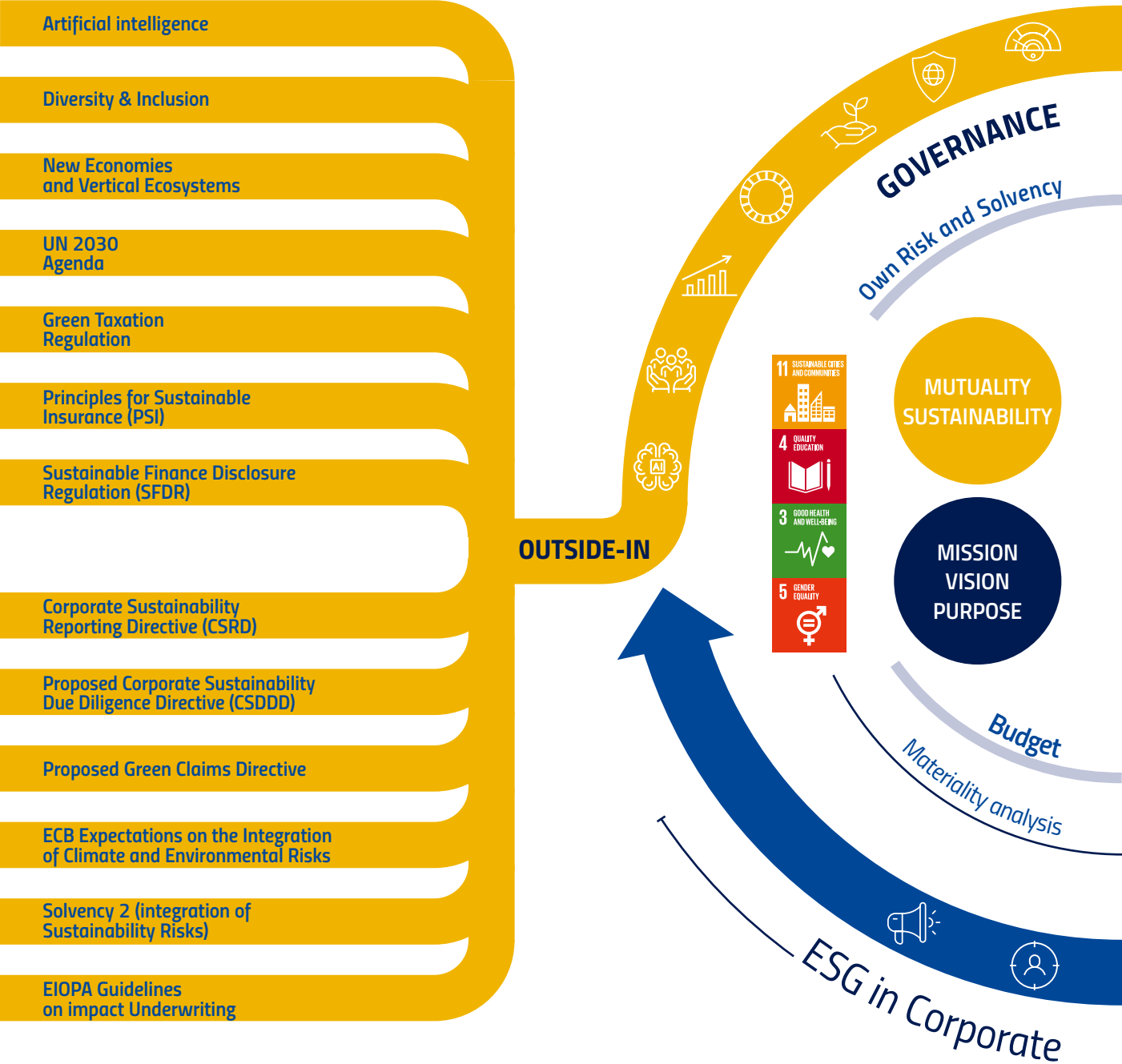
PSI report

Reports of the Independent Auditors



Sustainability-integrated model

For Reale Group, sustainability is a key tool to support both the Group's competitiveness and reputation and its profitability.





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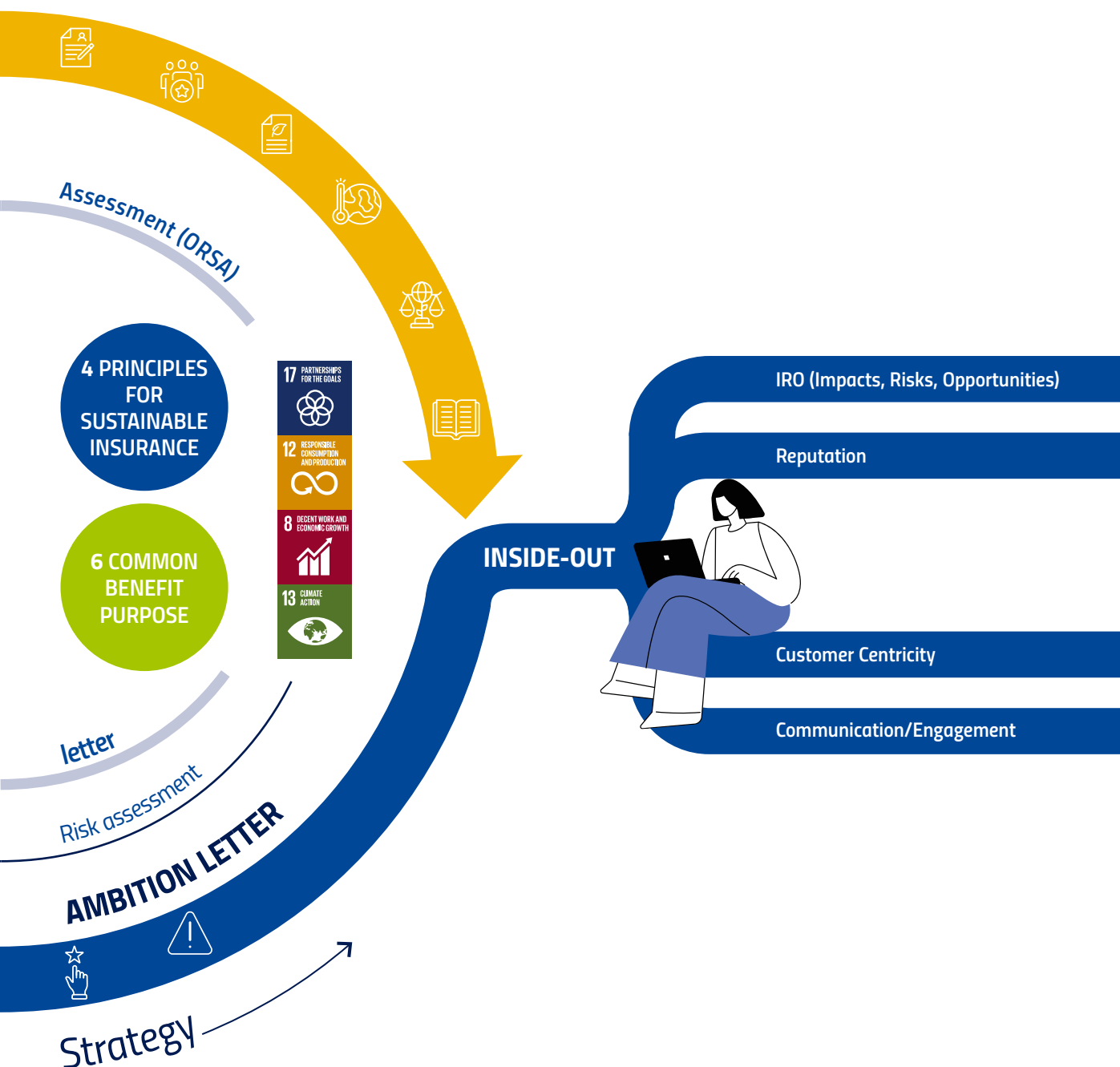
Impact report

PSI report

Reports of the Independent Auditors

Consequently, sustainability is no longer an addition to strategic and operational activities; indeed, it has become an integral part of its Business Model.

Integration is the concept underpinning the entire Sustainability Model: integrated thinking, in fact, is a holistic way of thinking about business activities, at all stages, from strategic planning to monitoring and reporting.



Risk management and underwriting

Reale Group has integrated sustainability risks into the framework of the Internal Control and risk management system, in line with the broader approach to managing sustainability in the corporate context.

In 2023, several projects were pursued covering multiple aspects, such as strengthening the governance of the corporate units involved in the sustainability risk management process and fine-tuning the methodology for climate scenarios in asset and liability modelling.

Specifically, the following goals were achieved:

- **revision of the sustainability risk list**, improvement of climate scenarios for insurance companies and extension of the scope to the real estate and banking sectors;
- **development and extension of the sustainability risk management framework** to include the companies which not currently in-scope;
- **development of the process to define limits and exclusions vis-à-vis the counterparties deemed “unsustainable”**, which was launched in 2022, to strengthen the ex-ante management of sustainability risks, also in the underwriting phase;
- **integration of the Group's risk assessment process with the process to identify material topics**, with a view to comply with double materiality requirements.

Products and services

Reale Group's sustainability strategy is focused on an increasingly larger **integration of sustainability topics** into processes, business goals and related measurement, **when choosing investments, the content of products and services offered to Members/Policyholders and Customers, in internal and external communication** and by launching initiatives that benefit all its Stakeholders.

Consequently, during the year, Reale Mutua began revising a series of products such as those covering photovoltaic, wind and solar thermal energy production plants or some separately managed products which guarantee access to care for customers with a medium-low spending profile. Reale Seguros also renewed its offer of digital products in favour of sustainable mobility.

The next three years will see the development of **taxonomy-aligned products for the insurance (green products) and banking sectors** to be included in the Group's offering. Furthermore, the Group will assess the opportunity for the development of products with environmental/social benefits (in addition to taxonomy-aligned products).

Sales & Marketing

Reale Group is committed to increasing the awareness of environmental, social and governance topics through the **constant training of its agency network**, in order to transform regulatory obligations into a genuine opportunity to enhance the skills of agency personnel, but also to consolidate and develop their insurance, financial and sustainability education.

Specifically, in 2023, five classroom sessions were held of the course **“ESG profiles of insurance distribution – Life business”**, which involved 113 people. The aim of the course was to provide agents with a clear overview of the disclosure requirements applicable to the integration of sustainability risks in their investment or insurance advice, pursuant to articles 3-6 of the SFDR.



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Reale Group has also launched numerous opportunities for discussion and dialogue with its Stakeholders to improve the Group's accountability and engage Stakeholders in business decisions.

The constant **engagement** of Stakeholders is part of the Group's integrated approach towards a business conduct that aims to continuously improve the quality of the service offered, improve accessibility and guarantee maximum transparency of information.

Through listening, dialogue and engagement actions, the Group engages with its stakeholders with mutual collaboration and responsibility, placing **Stakeholders at the heart of business processes** and considering them an important strategic element to identify and influence the Group's "material" topics.

During the year, Reale Group focused, in particular, on **the external communication of its values and activities/actions associated with the six common benefit purposes** of Reale Mutua as a Benefit Corporation, by launching **Future Now**, a web series which links the current major topics - from sport to culture, from economics to sustainability - to the Group's values, with Yuri Chechi as the voice and face of the stories and as the bridge between present and future.

Real estate investments and management

For Reale Group, **sustainable finance** can genuinely contribute to financing sustainable and inclusive growth models and become one of the key factors in supporting sustainable transition and economic growth over time.

Sustainability risks are reflected in investment and underwriting decisions, focusing, in particular, on sustainability, also when selecting securities investments, as per the new version of the "**Sustainable Securities Investment Policy**", which came into force on 1 January 2023.

The Group integrates sustainability risks into its investment decision-making and management process through sustainability strategies that include exclusion criteria, ESG integration criteria and best-in-class, as well as impact investing and thematic investments.

The strategies described apply to the Italian, Spanish and Chilean portfolios, **covering approximately 87% of the assets under management** making up the total managed securities portfolio, with a scope that includes both the Life and Non-Life business. The **ESG rating** of the insurance portfolios, calculated using MSCI data, is **A**.

As part of its activities aimed at assessing the principal adverse impact (PAI) on sustainability factors deriving from investment decisions, the Risk Management Function contributes to monitoring the sustainability risk by setting the levels beyond which the indicators must be monitored.

Furthermore, the funds underlying the investment insurance products sold by the group companies were selected according to a strategy that aims to integrate ESG principles into the pursuit of economic surplus value.

In line with the perspective of integrating ex-ante sustainability into the planning, design, risk analysis and investment processes, the Group has launched a **three-year strategic project called "ESG in Corporate Strategy"** in order to support the effective integration of environmental, social and good governance topics into its business by defining a Group's ESG strategic and operational plan.

Similarly to the projects implemented in previous years, this approach leads to timely and correct compliance with applicable regulations and confirms the Group's strong position in terms of sustainability.



Principles of fairness to manage the supply chain

Principle 2

Work together with customers and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.

Reale Group **promotes responsible management of its supply chain, based on principles of fairness**, respect for roles and sharing of business management principles, by choosing suppliers that responsibly manage environmental and social impacts, protect the rights of their workers and promote these actions also in the sub-supplier network.

The Group privileges those suppliers who can responsibly describe their environmental and social impacts, protect the rights of their workers and promote these actions also in the sub-supplier network. This commitment materialises through a series of measures which transfer to suppliers the values of mutuality and sustainability that inspire the Group's actions.

To this end, through the platform used for managing the register, suppliers listed on the register read the Group's Code of Ethics, the Supplier Code of Conduct and the Group Guidelines on the environment.

In 2023, the **ESG assessment of the active suppliers' list** continued (15% of active suppliers was assessed). During the year, a market survey was launched to identify an "ESG rating provider", specialised in the ESG assessment of the supply chain, in order to perform a more extensive and representative assessment of Italian and foreign Suppliers and integrate ESG principles in procurement decisions and processes and in the development of a sustainable procurement strategy.



Principle 3

Work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.

All Reale Group companies are driven by the mutualistic model of the Parent Reale Mutua and are committed to spreading it, also by actively participating in international working tables promoted by Amice **Amice** (Association of Mutual Insurers and Insurance Cooperatives in Europe) and **Eurapco** (European Alliance Partners Company), whose aim is to promote discussion and foster synergies between mutual societies in Europe. Reale Mutua also actively participates in public consultations for the definition of new legal and regulatory measures in the sector, such as the quali-quantitative survey promoted by IVASS in 2022 and 2023 aimed at analysing and monitoring the physical risks from natural catastrophes related to climate and seismic events, transition risks and sustainability risks in the insurance sector.

Reale Mutua promotes the concept of mutuality in the local area, the academic world, schools and the third sector, by developing and participating in discussions, dialogue and in-depth analyses to raise public awareness of the meaning, action and effectiveness of mutuality as an economically and socially sustainable model.

The Parent enhances the good practices of the organisations operating in Italy. For example, in collaboration with Itas Mutua, it promoted the "**Mutuality Award**", a national award created in 2023 in order to spread the values of mutuality by supporting virtuous projects aimed at building a more sustainable future.



Reale Group is an active member of numerous **national and international alliances and associations** in order to build a system that effectively enables seizing valuable opportunities by pooling information, comparing visions, sharing and strengthening skills in order to facilitate development and innovation in the insurance, banking and services sectors.

In 2023 Reale Group consolidated its active presence on various working tables on sustainability, for example by participating in **ANIA's Permanent Sustainability Commission** and in specific AMICE and Eurapco Sustainability Working Groups. Furthermore, the Group promoted and organised national and international meetings at its offices in order to foster communication between sector professionals.

In June 2022, Reale Mutua joined **Assobenefit**, the National Association for Benefit Corporations that brings together more than 150 Benefit Corporations in Italy. As part of this partnership, in March, Reale Mutua took part in the fourth National Day of Benefit Corporations entitled "Between avant-garde and rule, charting the course for a sustainable future", with a speech on "Benefit Corporations: a driving force for Sustainable Corporate Finance and Sustainable Finance".



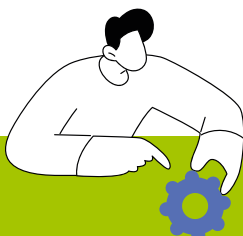
Since 2014, through **Museo Storico Reale Mutua**, the Group has been preserving and returning to the community almost two hundred years of mutual history, hosting cultural and social inclusion projects.

In 2024, the Museum will be subject to a major restoration in order to increase the focus on the changes that involved the Group over the past few years: first and foremost the internationalisation and the integration of ESG principles into its business strategy.

Since 2018 Reale Group has been supporting the Italian **Sustainable Finance Forum** and, in 2023, it financed, for the second year in a row, the "**Sustainability in the Italian insurance sector**" research aimed at analysing how sustainability aspects are included in the governance and strategies of insurance companies.

The four talks for employees on **female empowerment**, which were held between February and November 2023 through **Valore D**, an association of companies committed to gender balance and an inclusive culture in organisations and in Italy, confirm the genuine impact generated by the involvement in associations.

Thanks to **Reale Foundation**, Reale Group's Corporate Foundation, active in Italy, Spain and Chile, the Group returns part of the value generated to the communities in which it operates, by generating positive, measurable and additional environmental and social impacts.



During the year, the Foundation received

€1,543,000 which was used to support

80
projects

27,893
direct beneficiaries

470,601
indirect beneficiaries



Principle 4

Demonstrate accountability and transparency in regularly disclosing publicly the progress in implementing the Principles.

Corporate Governance, also via Committees, prevents the Group's information assets to be held only by a few; in contrast, information assets are distributed among several people, therefore guaranteeing sharing and **transparency**.

Indeed, transparency is a fundamental principle for Reale Group both in terms of accountability and to maintain a good reputation with Stakeholders. The transfer of information to the Board of Directors, the heart of the decision-making process, is a duty and a requirement. Information must be as clear, exhaustive, timely and complete as possible.

Communication to society is also based on maximum transparency and truthfulness. Transparency in relation to Employees also occurs through the regular publication of information on new hires, changes in tasks, and internal promotions. Transparency in relation to Members/Policyholders-Customers is implemented according to different methods, for example providing punctual information on websites, in the reserved areas, and on apps.

Contracts are prepared in a simple and clear manner, to ease understanding of the features of the products/services offered, as required by the law in force.

Transparency initiatives include the setup of the "Commissione di Garanzia dell'Assicurato" (Policyholders' Ombudsman) in Reale Mutua in 1995 which was extended to Italiana Assicurazioni in 2014.

This Commission is an independent and impartial body whose aim is to resolve any disputes between the Company and the Policyholder through an effective procedure, minimum formalities and at no cost for the Policyholders.

For Reale Group, the periodic monitoring of the external perception of its reputation is of fundamental importance in order to safeguard the relationship of loyalty and trust built with its Stakeholders. In 2023, public opinion interviews were conducted in Italy and Spain (Chile has not yet adopted this tool), using the RepTrak® analysis model. Reale Group's **Brand Reputation** falls in the **average** bracket with **68.6 points**.

During the year, the fifth company climate survey was conducted, addressed to all employees of the Group's Italian companies. The "Trust Index", an indicator that globally measures the corporate climate and the trust index of the company, was 65% (as in 2021 and 2022), enabling the Group to achieve the "**Great Place to Work**" certification.



Transparency a fundamental principle for:

Accountability

Reputation

vis-à-vis Stakeholders





Furthermore, since 2012 the Group has been **UNI EN ISO 14001:2015** certified, becoming the first insurance company to achieve this certification. This certification confirms the Group's awareness and commitment to the environment, as well as its responsibility and commitment to the constant monitoring of its environmental activities aimed at continuous improvement.

Reale Group annually publishes the **Integrated Consolidated Financial Statements**, prepared pursuant to Legislative decree no. 254/2016 and the GRI Standards (2021) reporting "in accordance with GRI Standards", which allows the Group to ensure the highest degree of transparency to its Stakeholders in relation to the organisation's impacts on the economy, people and the environment.

Furthermore, pursuant to the regulations governing Benefit Corporations (Legislative decree no. 208/2015), Reale Mutua publishes the **Annual Benefit Report which covers the pursuit of its common benefit purposes**. The Report was published on the Company website in the "Sustainability" section, attached to the Financial Statements of Reale Mutua, and included, in a specific section, in the 2022 Integrated Consolidated Financial Statements.

Reale Group is committed to raising awareness among all Stakeholders on the issues related to sustainable insurance principles through social communication campaigns focused on sustainability and risk management issues, as well as the dissemination of financial information.



Conclusions

By joining the Principles for Sustainable Insurance, Reale Group undertakes to act as institutional investor and protection provider in order to generate positive, measurable and additional impacts throughout the value chain and create more resilient and sustainable communities.

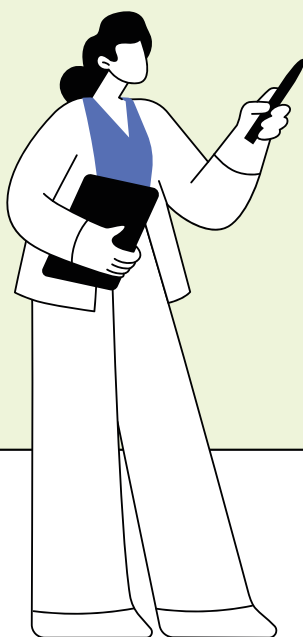
Thanks to its international and multi-service nature, the Group can operate in different contexts and diversified production environments, maximising the impact of its actions and spreading its founding values: mutuality and sustainability.

This report describes the Group's journey to building genuine and integrated sustainability in its business, respecting and integrating the 4 Principles for Sustainable Insurance in its business operations.

Having joined the PSIs in 2023, it was not possible to include a description of new and ex-ante projects in accordance with the PSIs. However, the PSI-compliant activities/actions currently being implemented were described.

Reale Chile Seguros Generales S.A. has been developing its Non-Life business in Chile since 2017. Given the different regulatory environment and the specific nature of the market, the Company follows the Parent's sustainability strategic approach when developing projects specific to the reference context.

As of 2024, PSI-related activities will be planned and scheduled as part of the implementation of the Group's broader strategic activities and covered in subsequent reports.





11

REPORTS OF THE INDEPENDENT AUDITORS



Società Reale Mutua di Assicurazioni

Relazione della società di revisione indipendente
ai sensi dell'articolo 14 del DLgs 27 gennaio 2010, n° 39, dell'articolo 10
del Regolamento (UE) n° 537/2014 e dell'articolo 102 del DLgs
7 settembre 2005, n° 209

Bilancio consolidato al 31 dicembre 2023



Relazione della società di revisione indipendente

ai sensi dell'articolo 14 del DLgs 27 gennaio 2010, n° 39, dell'articolo 10 del Regolamento (UE) n° 537/2014 e dell'articolo 102 del DLgs 7 settembre 2005, n° 209

Ai Delegati di
Società Reale Mutua di Assicurazioni

Relazione sulla revisione contabile del bilancio consolidato al 31 dicembre 2023

Giudizio

Abbiamo svolto la revisione contabile del bilancio consolidato di Reale Group (il “Gruppo”), costituito dallo stato patrimoniale al 31 dicembre 2023, dal conto economico, dal conto economico complessivo, dal prospetto delle variazioni di patrimonio netto, dal rendiconto finanziario per l'esercizio chiuso a tale data e dalla relativa nota integrativa.

A nostro giudizio, il bilancio consolidato fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria di Reale Group al 31 dicembre 2023, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data in conformità agli International Financial Reporting Standards adottati dall'Unione Europea, nonché al Regolamento emanato in attuazione dell'articolo 90 del DLgs 7 settembre 2005, n° 209.

Elementi alla base del giudizio

Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia). Le nostre responsabilità ai sensi di tali principi sono ulteriormente descritte nella sezione *Responsabilità della società di revisione per la revisione contabile del bilancio consolidato* della presente relazione. Siamo indipendenti rispetto alla Società Reale Mutua di Assicurazioni in conformità alle norme e ai principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano alla revisione contabile del bilancio. Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

Aspetti chiave della revisione contabile

Gli aspetti chiave della revisione contabile sono quegli aspetti che, secondo il nostro giudizio professionale, sono stati maggiormente significativi nell'ambito della revisione contabile del bilancio consolidato dell'esercizio in esame.

PricewaterhouseCoopers SpA

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229601 - **Bologna** 40124 Via Luigi Carlo Farini 12 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzini 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311

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Tali aspetti sono stati da noi affrontati nell'ambito della revisione contabile e nella formazione del nostro giudizio sul bilancio consolidato nel suo complesso; pertanto su tali aspetti non esprimiamo un giudizio separato.

Aspetti chiave

Procedure di revisione in risposta agli aspetti chiave

Prima applicazione del principio contabile internazionale IFRS 17 - "Contratti Assicurativi"**8 - Nota Integrativa****8.1 Criteri generali di redazione - Impatto dell'adozione dell'IFRS 9 e dell'IFRS 17 alla data di transizione - Impatto della transizione sullo Stato Patrimoniale di Gruppo**

A partire dal 1° gennaio 2023 Reale Group ha adottato il principio contabile internazionale IFRS 17 - "Contratti Assicurativi" che sostituisce il principio contabile internazionale IFRS 4 - "Contratti Assicurativi" e introduce nuove regole per la rilevazione, la valutazione, la presentazione e l'informativa, in relazione ai contratti assicurativi rientranti nell'ambito di applicazione del principio stesso.

La prima applicazione del principio ha determinato al 1° gennaio 2022 un effetto complessivo negativo sul Patrimonio Netto del Gruppo pari a Euro 10,9 milioni al netto dell'effetto fiscale.

L'IFRS 17 si caratterizza per un'elevata complessità interpretativa e operativa, anche per la presenza di numerosi aspetti che richiedono l'applicazione di un elevato grado di soggettività, tra i quali, in particolare:

- la definizione ed identificazione dei contratti assicurativi rientranti nell'ambito di applicazione del nuovo principio;
- la definizione dei livelli di aggregazione dei contratti ai fini dell'identificazione delle *unit of account*;
- la metodologia utilizzata per la determinazione del Present Value of Future Cash Flow - "PVFCF" - e delle relative sinergie rispetto alla Best Estimates Solvency II;

Le procedure di revisione svolte sulla valutazione degli impatti derivanti dalla prima applicazione del principio contabile internazionale IFRS 17 includono, tra le altre, le seguenti attività:

- la comprensione e valutazione delle attività pianificate e svolte dal Gruppo per l'implementazione del nuovo principio contabile (ivi incluse le modifiche apportate ai sistemi informativi);
- l'analisi dei contratti assicurativi e valutazione del livello di aggregazione;
- l'analisi della conformità delle politiche contabili adottate rispetto al nuovo principio contabile;
- il confronto delle metodologie e delle assunzioni applicate dalla Direzione con le prassi di mercato;
- la comprensione del sistema dei controlli interni posti a presidio dell'implementazione dei nuovi processi contabili;
- la verifica dell'accuratezza e della completezza delle basi dati di input alimentanti i sistemi attuariali, rispetto alle evidenze gestionali sottostanti;
- la verifica della coerenza dell'approccio di transizione per i diversi gruppi di contratti, secondo i modelli previsti dal principio;

Aspetti chiave	Procedure di revisione in risposta agli aspetti chiave
<ul style="list-style-type: none"> • la metodologia utilizzata per la determinazione dei costi attribuibili ai contratti assicurativi; • la metodologia utilizzata per la determinazione dei tassi di sconto; • la metodologia e le ipotesi relative alla determinazione del Risk Adjustment - “RA”; • la metodologia e le assunzioni utilizzate per la determinazione del Margine sui servizi contrattuali - “CSM”; • l’identificazione dei modelli di valutazione applicabili ai contratti assicurativi ed eventuali criteri di eleggibilità al Premium Allocation Approach; • la determinazione dell’approccio di transizione adottato per ciascun gruppo di contratti assicurativi. <p>Per le motivazioni sopra esposte, nonché in considerazione degli impatti contabili rilevati al 1° gennaio 2022 e per il suo impatto nell’implementazione in termini di procedure contabili, sistemi informativi e processi organizzativi, abbiamo considerato la prima applicazione dell’IFRS 17 un aspetto chiave della revisione contabile del bilancio consolidato di Reale Group al 31 dicembre 2023.</p>	<ul style="list-style-type: none"> • la verifica degli aggiustamenti contabili sul Patrimonio Netto del Gruppo derivanti dalla transizione e della loro corretta contabilizzazione. <p>Inoltre, con il supporto degli esperti in scienze attuariali appartenenti alla rete PwC, abbiamo effettuato le seguenti attività:</p> <ul style="list-style-type: none"> • la verifica dell’accuratezza dei modelli attuariali utilizzati nella stima dei flussi di cassa futuri; • l’analisi di ragionevolezza dei principali metodi e delle ipotesi operative e finanziarie, sulle quali si basano le stime dei flussi di cassa futuri, l’aggiustamento per il rischio non finanziario e il Margine sui servizi contrattuali. <p>Infine, abbiamo effettuato l’analisi dell’adeguatezza della relativa informativa di bilancio riportata nella nota integrativa.</p>
<p>Valutazione della Passività per sinistri accaduti - rami danni</p>	
<p><i>Nota Integrativa</i> 8 - <i>Nota Integrativa</i> 8.1 <i>Criteri generali di redazione - Criteri di valutazione delle poste di Stato Patrimoniale - 3. Passività Assicurative</i> 8.3 <i>Informazioni sullo Stato Patrimoniale Consolidato – 3. Passività Assicurative</i></p> <p>Le passività assicurative comprendono Euro 3.173 milioni relativi alle Passività per sinistri accaduti, relativamente ai rami danni, pari a circa il 14 per cento del “Totale Patrimonio Netto e passività”.</p> <p>Nello svolgimento della revisione contabile abbiamo tenuto in considerazione il controllo interno rilevante per la redazione del bilancio consolidato al fine di definire le procedure di</p>	

Aspetti chiave

Le Passività per sinistri accaduti rappresentano l'obbligazione in capo a Reale Group per far fronte alle richieste di indennizzo per gli eventi assicurati già verificati, compresi gli eventi accaduti per i quali non è ancora pervenuta la richiesta di indennizzo e gli altri costi assicurativi sostenuti.

La valutazione della Passività per sinistri accaduti è effettuata con il modello di misurazione generale (General Model - "GM") che consente di stimare sia i flussi di cassa attesi attualizzati (Present value of future cash flow - "PVFCF") sia l'aggiustamento per i rischi non finanziari (Risk Adjustment - "RA").

L'IFRS 17 si caratterizza per un'elevata complessità interpretativa e operativa, dovuta alla presenza di numerosi aspetti che richiedono l'applicazione di un elevato grado di soggettività.

In questo ambito, riteniamo aspetto chiave per il bilancio consolidato la valutazione delle Passività per sinistri accaduti dei rami danni, per la quale possono essere utilizzate varie metodologie di calcolo che prevedono un numero di assunzioni implicite ed esplicite relative all'ammontare da liquidare, alla numerosità degli eventi assicurati e al tasso di attualizzazione. La modifica di tali assunzioni può comportare una variazione della passività finale.

La voce Passività per sinistri accaduti è una posta la cui componente di stima è rilevante, che richiede un significativo livello di giudizio professionale e dipende dalle assunzioni attuariali utilizzate per la determinazione della stessa.

Procedure di revisione in risposta agli aspetti chiave

revisione appropriate nelle circostanze. In particolare, abbiamo effettuato la comprensione e la valutazione del disegno dei controlli rilevanti in ambito di monitoraggio, classificazione e valutazione delle passività assicurative e la verifica dell'efficacia operativa di tali controlli.

Le nostre procedure di revisione sulla valutazione delle Passività per sinistri accaduti includono le seguenti attività:

- la verifica dell'accuratezza e della completezza delle basi dati mediante lo svolgimento di procedure di validità per un campione di sinistri, confrontando le informazioni presenti nel sistema informatico di Reale Group con le evidenze a supporto ottenute da Reale Group;
- l'analisi critica delle metodologie e delle assunzioni adottate dalla Direzione nel rispetto del principio contabile internazionale IFRS 17;
- il confronto delle metodologie e delle assunzioni, di cui al punto precedente, con le prassi di mercato.

Inoltre, con il supporto degli esperti in scienze attuariali appartenenti alla rete PwC, abbiamo effettuato le seguenti attività:

- la verifica delle metodologie e delle ipotesi sottostanti il calcolo delle Passività per sinistri accaduti per ciascuna componente (PVFCF e RA) anche attraverso l'analisi dei principali indicatori di performance;
- il ricalcolo indipendente del PVFCF delle Passività per sinistri accaduti su base campionaria;
- l'analisi dei movimenti delle Passività per sinistri accaduti tra inizio e fine periodo su base campionaria.

Aspetti chiave

Procedure di revisione in risposta agli aspetti chiave

Infine, abbiamo effettuato l'analisi dell'adeguatezza della relativa informativa di bilancio riportata nella nota integrativa.

Valutazione delle Passività per residua copertura - rami vita

Nota Integrativa

8 - Nota Integrativa

8.1 Criteri generali di redazione - Criteri di valutazione delle poste di Stato Patrimoniale - 3.

Passività Assicurative

8.3 Informazioni sullo Stato Patrimoniale

Consolidato - 3. Passività Assicurative

Le passività assicurative comprendono Euro 12.886 milioni relativi alle Passività per residua copertura, relativamente ai rami vita, pari a circa il 56 per cento del "Totale Patrimonio Netto e passività".

Le Passività per residua copertura comprendono i flussi di cassa attesi attualizzati (Present value of future cash flow - "PVFCF"), corretti per tenere conto dei rischi non finanziari (Risk Adjustment - "RA") e il Margine sui servizi contrattuali (Contractual Service Margin - "CSM") che rappresenta il valore attuale degli utili futuri sui contratti assicurativi che sarà rilasciato a conto economico secondo logiche coerenti con il servizio assicurativo prestato nel periodo.

L'IFRS 17 si caratterizza per un'elevata complessità interpretativa e operativa, dovuta alla presenza di numerosi aspetti che richiedono l'applicazione di un elevato grado di soggettività.

In questo ambito, riteniamo aspetto chiave per il bilancio consolidato le seguenti valutazioni:

- la valutazione delle Passività per residua copertura dei contratti assicurativi valutati con il "General Model - GM" o il "Variable Fee Approach - VFA". Tale misurazione presuppone l'utilizzo di metodologie e modelli

Nello svolgimento della revisione contabile abbiamo tenuto in considerazione il controllo interno rilevante per la redazione del bilancio consolidato al fine di definire le procedure di revisione appropriate nelle circostanze. In particolare, abbiamo effettuato la comprensione e la valutazione del disegno dei controlli rilevanti in ambito monitoraggio, classificazione e valutazione delle passività assicurative e la verifica dell'efficacia operativa di tali controlli.

Le nostre procedure di revisione sulla valutazione delle Passività per residua copertura includono le seguenti attività:

- la verifica dell'accuratezza e della completezza delle basi dati mediante lo svolgimento di procedure di validità per un campione di premi, confrontando le informazioni presenti nel sistema informatico di Reale Group con le evidenze a supporto ottenute da Reale Group;
- l'analisi critica delle metodologie e delle assunzioni adottate dalla Direzione nel rispetto al principio contabile internazionale IFRS 17;

Aspetti chiave

- di calcolo di tipo statistico-attuariale caratterizzati da un elevato grado di soggettività nella scelta dei parametri utilizzati (quali, ad esempio, ipotesi di riscatto, mortalità, versamenti aggiuntivi, ipotesi di spesa, sinistralità attesa e tasso di sconto) per lo sviluppo della stima dei flussi finanziari futuri e per l'aggiustamento per il rischio non finanziario;
- la valutazione del rilascio del Margine sui servizi contrattuali quale riconoscimento degli utili a conto economico sui servizi assicurativi erogati. La determinazione delle modalità del rilascio è caratterizzata da un elevato grado di soggettività nell'identificazione delle unità di copertura.

La voce Passività per residua copertura è una posta la cui componente di stima è rilevante, che richiede un significativo livello di giudizio professionale e dipende dalle assunzioni attuariali utilizzate per la determinazione della stessa.

Procedure di revisione in risposta agli aspetti chiave

- il confronto delle metodologie e delle assunzioni, di cui al punto precedente, con le prassi di mercato.

Inoltre, con il supporto degli esperti in scienze attuariali appartenenti alla rete PwC, abbiamo effettuato le seguenti attività:

- la verifica delle metodologie e delle ipotesi sottostanti il calcolo delle Passività per residua copertura per ciascuna componente anche attraverso l'analisi dei principali indicatori di performance;
- il ricalcolo indipendente del PVFCF delle Passività per residua copertura per un campione di polizze;
- l'analisi dei criteri di valutazione delle unità di copertura ai fini del rilascio del Margine sui servizi contrattuali a conto economico;
- l'analisi dei movimenti delle Passività per residua copertura tra inizio e fine periodo su base campionaria;
- la verifica dell'onerosità dei contratti (OCT) e della relativa costruzione delle Unit of Account.

Infine, abbiamo effettuato l'analisi dell'adeguatezza della relativa informativa di bilancio riportata nella nota integrativa.

Prima applicazione del principio contabile internazionale IFRS 9 - "Strumenti finanziari"

8 - Nota Integrativa

8.1 Criteri generali di redazione - Impatto dell'adozione dell'IFRS 9 e dell'IFRS 17 alla data di transizione - Impatto della transizione sullo Stato Patrimoniale di Gruppo

L'IFRS 9 - "Strumenti finanziari" è il principio contabile entrato in vigore dal 1° gennaio 2018, che sostituisce il principio contabile internazionale IAS 39 e disciplina la

In considerazione del fatto che l'IFRS 9 è stato adottato a partire dal 1° gennaio 2023, le nostre procedure di revisione hanno riguardato i saldi di apertura a tale data, al

Aspetti chiave

classificazione e misurazione degli strumenti finanziari, nonché la determinazione delle relative riduzioni di valore (Impairment).

Reale Group ha applicato fino all'esercizio 2022 la *temporary exemption* avendo i requisiti che consentivano il differimento dell'applicazione dell'IFRS 9 e rinviando l'effettivo utilizzo del principio contabile dal 1° gennaio 2023, data di entrata in vigore dell'IFRS 17.

La prima applicazione del principio ha determinato al 1° gennaio 2022 un effetto complessivo positivo sul Patrimonio Netto del Gruppo pari a Euro 2,1 milioni al netto dell'effetto fiscale.

L'IFRS 9 ha introdotto le regole di classificazione e misurazione delle attività finanziarie che si basano sulle modalità con le quali tali attività sono gestite (Business Model) e sulle caratteristiche dei relativi flussi di cassa contrattuali (Solely Payments of Principal and Interest - SPPI); al contempo, per le attività finanziarie diverse da quelle misurate al fair value con contropartita conto economico, il principio IFRS 9 ha sostituito il modello di Impairment dello IAS 39 basato sulla perdita sostenuta (Incurred loss) con un modello di valutazione basato sulla perdita attesa (Expected Credit Loss - ECL).

Ne consegue che l'IFRS 9, introducendo cambiamenti significativi nei criteri di classificazione e valutazione, ha determinato impatti operativi richiedendo il ricorso a nuovi modelli, ad un maggior numero di informazioni, parametri e assunzioni, determinando un conseguente più elevato livello di soggettività e di incertezza.

Per le motivazioni sopra esposte, abbiamo considerato la prima applicazione dell'IFRS 9 un aspetto chiave della revisione contabile del bilancio consolidato di Reale Group al 31 dicembre 2023.

Procedure di revisione in risposta agli aspetti chiave

fine di verificare la transizione dallo IAS 39. Tali procedure includono, tra le altre, le seguenti attività:

- la comprensione del sistema dei controlli interni a presidio della gestione degli strumenti finanziari;
- la comprensione e l'analisi critica delle politiche contabili e delle assunzioni rilevanti utilizzate da Reale Group al fine di valutare la ragionevolezza, l'appropriatezza e la conformità al principio contabile;
- la verifica degli aggiustamenti contabili sul Patrimonio Netto del Gruppo derivanti dalla transizione e della loro corretta contabilizzazione.

Infine, abbiamo effettuato l'analisi dell'adeguatezza della relativa informativa di bilancio riportata nella nota integrativa.

Aspetti chiave

Procedure di revisione in risposta agli aspetti chiave

Valutazione dell'avviamento

Nota Integrativa

8 - Nota Integrativa

8.1 Criteri generali di redazione - Criteri di valutazione delle poste di Stato Patrimoniale - 1. Attività Immateriali

8.3 Informazioni sullo Stato Patrimoniale Consolidato – 1. Attività Immateriali

Il valore dell'avviamento al 31 dicembre 2023 è pari a Euro 257 milioni. L'avviamento sulla base di quanto definito dallo IAS 36 – Impairment of Assets, viene valutato al costo al netto di eventuali perdite di valore. A tal fine, il Gruppo effettua con cadenza annuale un impairment test comparando il valore recuperabile di ogni Cash Generating Unit (CGU) cui è stato attribuito l'avviamento al rispettivo valore contabile. Il valore recuperabile è determinato sulla base del modello del valore d'uso, attraverso la stima dei flussi finanziari attesi, in entrata e in uscita, che saranno generati o assorbiti dalla CGU, attualizzati ad un tasso espressivo del costo del capitale dei mezzi propri.

Tra le configurazioni di valore, si presuppone l'utilizzo di modelli ed assunzioni caratterizzate da elevato grado di soggettività quali, ad esempio, i flussi dei dividendi estrapolati dai business plan, il tasso di crescita di lungo periodo ed il costo del capitale.

Per tali ragioni questo aspetto è stato da noi ritenuto un aspetto chiave ai fini dell'attività di revisione.

Le nostre procedure di revisione sulla valutazione dell'avviamento includono le seguenti attività:

- la comprensione del processo di determinazione dei valori recuperabili adottato dal Gruppo e dei relativi controlli chiave;
- la valutazione dell'appropriatezza delle metodologie utilizzate dagli amministratori per la determinazione del valore recuperabile;
- la valutazione della ragionevolezza delle assunzioni utilizzate dagli amministratori per la determinazione del valore recuperabile con particolare riferimento ai flussi dei dividendi estrapolati dai business plan, il tasso di crescita di lungo periodo e il costo del capitale;
- l'analisi dei risultati e delle relative analisi di sensitività;
- abbiamo verificato l'informativa fornita nella nota integrativa in merito alla voce di bilancio correlata.

Inoltre, con l'ausilio di esperti in materia di valutazioni aziendali appartenenti alla rete PwC, abbiamo effettuato un'attività di *reperforming* dei modelli valutativi.



Responsabilità degli Amministratori e del Collegio Sindacale per il bilancio consolidato

Gli Amministratori sono responsabili per la redazione del bilancio consolidato che fornisca una rappresentazione veritiera e corretta in conformità agli International Financial Reporting Standards adottati dall'Unione Europea, nonché al Regolamento emanato in attuazione dell'articolo 90 del DLgs 7 settembre 2005, n° 209 e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione di un bilancio che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli Amministratori sono responsabili per la valutazione della capacità del Gruppo di continuare ad operare come un'entità in funzionamento e, nella redazione del bilancio consolidato, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia.

Gli Amministratori utilizzano il presupposto della continuità aziendale nella redazione del bilancio consolidato a meno che abbiano valutato che sussistono le condizioni per la liquidazione della capogruppo Società Reale Mutua di Assicurazioni o per l'interruzione dell'attività o non abbiano alternative realistiche a tali scelte.

Il Collegio Sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sul processo di predisposizione dell'informativa finanziaria del Gruppo.

Responsabilità della società di revisione per la revisione contabile del bilancio consolidato

I nostri obiettivi sono l'acquisizione di una ragionevole sicurezza che il bilancio consolidato nel suo complesso non contenga errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, e l'emissione di una relazione di revisione che includa il nostro giudizio. Per ragionevole sicurezza si intende un livello elevato di sicurezza che, tuttavia, non fornisce la garanzia che una revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia) individui sempre un errore significativo, qualora esistente. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni economiche prese dagli utilizzatori sulla base del bilancio consolidato.



Nell'ambito della revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia), abbiamo esercitato il giudizio professionale e abbiamo mantenuto lo scetticismo professionale per tutta la durata della revisione contabile. Inoltre:

- abbiamo identificato e valutato i rischi di errori significativi nel bilancio consolidato, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio. Il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti o eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno;
- abbiamo acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile allo scopo di definire procedure di revisione appropriate nelle circostanze e non per esprimere un giudizio sull'efficacia del controllo interno del Gruppo;
- abbiamo valutato l'appropriatezza dei principi contabili utilizzati nonché la ragionevolezza delle stime contabili effettuate dagli Amministratori, inclusa la relativa informativa;
- siamo giunti ad una conclusione sull'appropriatezza dell'utilizzo da parte degli Amministratori del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di una incertezza significativa riguardo a eventi o circostanze che possono far sorgere dubbi significativi sulla capacità del Gruppo di continuare ad operare come un'entità in funzionamento. In presenza di un'incertezza significativa, siamo tenuti a richiamare l'attenzione nella relazione di revisione sulla relativa informativa di bilancio ovvero, qualora tale informativa sia inadeguata, a riflettere tale circostanza nella formulazione del nostro giudizio. Le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione. Tuttavia, eventi o circostanze successivi possono comportare che il Gruppo cessi di operare come un'entità in funzionamento;
- abbiamo valutato la presentazione, la struttura e il contenuto del bilancio consolidato nel suo complesso, inclusa l'informativa, e se il bilancio consolidato rappresenti le operazioni e gli eventi sottostanti in modo da fornire una corretta rappresentazione;
- abbiamo acquisito elementi probativi sufficienti e appropriati sulle informazioni finanziarie delle imprese o delle differenti attività economiche svolte all'interno del Gruppo per esprimere un giudizio sul bilancio consolidato. Siamo responsabili della direzione, della supervisione e dello svolgimento dell'incarico di revisione contabile di Reale Group. Siamo gli unici responsabili del giudizio di revisione sul bilancio consolidato.

Abbiamo comunicato ai responsabili delle attività di *governance*, identificati ad un livello appropriato come richiesto dagli ISA Italia, tra gli altri aspetti, la portata e la tempistica pianificate per la revisione contabile e i risultati significativi emersi, incluse le eventuali carenze significative nel controllo interno identificate nel corso della revisione contabile.

Abbiamo fornito ai responsabili delle attività di *governance* anche una dichiarazione sul fatto che abbiamo rispettato le norme e i principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano e abbiamo comunicato loro ogni situazione che possa ragionevolmente avere un effetto sulla nostra indipendenza e, ove applicabile, le azioni intraprese per eliminare i relativi rischi o le misure di salvaguardia applicate.



Tra gli aspetti comunicati ai responsabili delle attività di *governance*, abbiamo identificato quelli che sono stati più rilevanti nell'ambito della revisione contabile del bilancio consolidato dell'esercizio in esame, che hanno costituito quindi gli aspetti chiave della revisione. Abbiamo descritto tali aspetti nella relazione di revisione.

Altre informazioni comunicate ai sensi dell'articolo 10 del Regolamento (UE) n° 537/2014

L'Assemblea dei Delegati di Società Reale Mutua di Assicurazioni ci ha conferito in data 9 dicembre 2019 l'incarico di revisione legale del bilancio d'esercizio e consolidato della Società per gli esercizi dal 31 dicembre 2021 al 31 dicembre 2029.

Dichiariamo che non sono stati prestati servizi diversi dalla revisione contabile vietati ai sensi dell'articolo 5, paragrafo 1, del Regolamento (UE) n° 537/2014 e che siamo rimasti indipendenti rispetto alla Società nell'esecuzione della revisione legale.

Confermiamo che il giudizio sul bilancio consolidato espresso nella presente relazione è in linea con quanto indicato nella relazione aggiuntiva destinata al Collegio Sindacale, nella sua funzione di comitato per il controllo interno e la revisione contabile, predisposta ai sensi dell'articolo 11 del citato Regolamento.

Relazione su altre disposizioni di legge e regolamentari

Giudizio ai sensi dell'articolo 14, comma 2, lettera e), del DLgs 27 gennaio 2010, n° 39

Gli Amministratori di Società Reale Mutua di Assicurazioni sono responsabili per la predisposizione della relazione sulla gestione di Reale Group al 31 dicembre 2023, incluse la sua coerenza con il relativo bilancio consolidato e la sua conformità alle norme di legge.

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n° 720B al fine di esprimere un giudizio sulla coerenza della relazione sulla gestione con il bilancio consolidato di Reale Group al 31 dicembre 2023 e sulla conformità della stessa alle norme di legge, nonché di rilasciare una dichiarazione su eventuali errori significativi.

A nostro giudizio, la relazione sulla gestione è coerente con il bilancio consolidato di Reale Group al 31 dicembre 2023 ed è redatta in conformità alle norme di legge.

Con riferimento alla dichiarazione di cui all'articolo 14, comma 2, lettera e), del DLgs 27 gennaio 2010, n° 39, rilasciata sulla base delle conoscenze e della comprensione dell'impresa e del relativo contesto acquisite nel corso dell'attività di revisione, non abbiamo nulla da riportare.



Dichiarazione ai sensi dell'articolo 4 del Regolamento Consob di attuazione del DLgs 30 dicembre 2016, n° 254

Gli Amministratori di Società Reale Mutua di Assicurazioni sono responsabili per la predisposizione della dichiarazione non finanziaria ai sensi del DLgs 30 dicembre 2016, n° 254.

Abbiamo verificato l'avvenuta approvazione da parte degli amministratori della dichiarazione non finanziaria.

Ai sensi dell'articolo 3, comma 10, del DLgs 30 dicembre 2016, n° 254, tale dichiarazione è oggetto di separata attestazione di conformità da parte nostra.

Torino, 12 aprile 2024

PricewaterhouseCoopers SpA

A handwritten signature in black ink, appearing to read 'Antonio Dogliotti', is written over a light blue grid background.

Antonio Dogliotti
(Revisore legale)



Società Reale Mutua di Assicurazioni

***Relazione della società di revisione indipendente
sulla dichiarazione consolidata di carattere non
finanziario***

*ai sensi dell'articolo 3, comma 10, DLgs 254/2016 e dell'articolo 5
Regolamento Consob adottato con delibera n° 20267 del gennaio 2018*

Esercizio chiuso al 31 dicembre 2023



Relazione della società di revisione indipendente sulla dichiarazione consolidata di carattere non finanziario

ai sensi dell'articolo 3, comma 10, DLgs 254/2016 e dell'articolo 5 Regolamento Consob adottato con delibera n° 20267 del gennaio 2018

Al Consiglio di Amministrazione di
Società Reale Mutua di Assicurazioni

Ai sensi dell'articolo 3, comma 10, del Decreto Legislativo 30 dicembre 2016, n° 254 (di seguito "Decreto") e dell'articolo 5, comma 1, lett. g) del Regolamento CONSOB n° 20267/2018, siamo stati incaricati di effettuare l'esame limitato (*limited assurance engagement*) della dichiarazione consolidata di carattere non finanziario di Società Reale Mutua di Assicurazioni e sue controllate (di seguito di seguito il "Gruppo" e "Reale Group") relativa all'esercizio chiuso al 31 dicembre 2023 predisposta ai sensi dell'articolo 4 del Decreto, contenuta nel Bilancio Consolidato Integrato e approvata dal Consiglio di Amministrazione in data 22 marzo 2024 (di seguito "DNF").

L'esame limitato da noi svolto non si estende alle informazioni contenute nel paragrafo "2.5.6 Regolamento 2020/852 - "taxonomy regulation (tr)" della DNF del Gruppo, richieste dall'articolo 8 del Regolamento europeo 2020/852.

Responsabilità degli Amministratori e del Collegio Sindacale per la DNF

Gli Amministratori sono responsabili per la redazione della DNF in conformità a quanto richiesto dagli articoli 3 e 4 del Decreto e ai "Global Reporting Initiative Sustainability Reporting Standards" definiti dal GRI - Global Reporting Initiative (di seguito "GRI Standards"), indicati nel paragrafo "Nota metodologica" della DNF, da essi individuati come standard di rendicontazione e identificabili all'interno del Bilancio Consolidato Integrato anche attraverso il simbolo:

Gli Amministratori sono altresì responsabili, nei termini previsti dalla legge, per quella parte del controllo interno da essi ritenuta necessaria al fine di consentire la redazione di una DNF che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli Amministratori sono responsabili, inoltre, per l'individuazione del contenuto della DNF, nell'ambito dei temi menzionati nell'articolo 3, comma 1, del Decreto, tenuto conto delle attività e delle caratteristiche del Gruppo e nella misura necessaria ad assicurare la comprensione dell'attività del Gruppo, del suo andamento, dei suoi risultati e dell'impatto dallo stesso prodotti.

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Gli Amministratori sono infine responsabili per la definizione del modello aziendale di gestione e organizzazione dell'attività del Gruppo, nonché, con riferimento ai temi individuati e riportati nella DNF, per le politiche praticate dal Gruppo e per l'individuazione e la gestione dei rischi generati o subiti dallo stesso.

Il Collegio Sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sull'osservanza delle disposizioni stabilite nel Decreto.

Indipendenza della società di revisione e controllo della qualità

Siamo indipendenti in conformità ai principi in materia di etica e di indipendenza dell'*International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* emesso dall'*International Ethics Standards Board for Accountants*, basato su principi fondamentali di integrità, obiettività, competenza e diligenza professionale, riservatezza e comportamento professionale. Nell'esercizio di riferimento del presente incarico la nostra società di revisione ha applicato l'*International Standard on Quality Control 1 (ISQC Italia 1)* e, di conseguenza, ha mantenuto un sistema di controllo qualità che include direttive e procedure documentate sulla conformità ai principi etici, ai principi professionali e alle disposizioni di legge e dei regolamenti applicabili.

Responsabilità della società di revisione

È nostra la responsabilità di esprimere, sulla base delle procedure svolte, una conclusione circa la conformità della DNF rispetto a quanto richiesto dal Decreto e dai GRI Standards. Il nostro lavoro è stato svolto secondo quanto previsto dal principio *International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (di seguito *ISAE 3000 Revised*), emanato dall'*International Auditing and Assurance Standards Board (IAASB)* per gli incarichi di *limited assurance*. Tale principio richiede la pianificazione e lo svolgimento di procedure al fine di acquisire un livello di sicurezza limitato che la DNF non contenga errori significativi. Pertanto, il nostro esame ha comportato un'estensione di lavoro inferiore a quella necessaria per lo svolgimento di un esame completo secondo l'*ISAE 3000 Revised (reasonable assurance engagement)* e, conseguentemente, non ci consente di avere la sicurezza di essere venuti a conoscenza di tutti i fatti e le circostanze significativi che potrebbero essere identificati con lo svolgimento di tale esame.

Le procedure svolte sulla DNF si sono basate sul nostro giudizio professionale e hanno compreso colloqui, prevalentemente con il personale della società responsabile per la predisposizione delle informazioni presentate nella DNF, nonché analisi di documenti, ricalcoli ed altre procedure volte all'acquisizione di evidenze ritenute utili.



In particolare, abbiamo svolto le seguenti procedure:

1. analisi dei temi rilevanti in relazione alle attività ed alle caratteristiche del Gruppo rendicontati nella DNF, al fine di valutare la ragionevolezza del processo di selezione seguito alla luce di quanto previsto dall'articolo 3 del Decreto e tenendo presente lo standard di rendicontazione utilizzato;
2. analisi e valutazione dei criteri di identificazione del perimetro di consolidamento, al fine di riscontrarne la conformità a quanto previsto dal Decreto;
3. comparazione tra i dati e le informazioni di carattere economico-finanziario inclusi nella DNF ed i dati e le informazioni inclusi negli altri capitoli e paragrafi del Bilancio Consolidato Integrato di Reale Group;
4. comprensione dei seguenti aspetti:
 - modello aziendale di gestione e organizzazione dell'attività del Gruppo, con riferimento alla gestione dei temi indicati nell'articolo 3 del Decreto;
 - politiche praticate dall'impresa connesse ai temi indicati nell'articolo 3 del Decreto, risultati conseguiti e relativi indicatori fondamentali di prestazione;
 - principali rischi, generati o subito connessi ai temi indicati nell'articolo 3 del Decreto.Relativamente a tali aspetti sono stati effettuati inoltre i riscontri con le informazioni contenute nella DNF ed effettuate le verifiche descritte nel successivo punto 5, lett. a);
5. comprensione dei processi che sottendono alla generazione, rilevazione e gestione delle informazioni qualitative e quantitative significative incluse nella DNF.

In particolare, abbiamo svolto interviste e discussioni con il personale della Direzione di Società Reale Mutua di Assicurazioni e abbiamo svolto limitate verifiche documentali, al fine di raccogliere informazioni circa i processi e le procedure che supportano la raccolta, l'aggregazione, l'elaborazione e la trasmissione dei dati e delle informazioni di carattere non finanziario alla funzione responsabile della predisposizione della DNF.

Inoltre, per le informazioni significative, tenuto conto delle attività e delle caratteristiche del Gruppo:

- a livello di capogruppo,
 - a) con riferimento alle informazioni qualitative contenute nella DNF, e in particolare al modello aziendale, alle politiche praticate e ai principali rischi, abbiamo effettuato interviste e acquisito documentazione di supporto per verificarne la coerenza con le evidenze disponibili;
 - b) con riferimento alle informazioni quantitative, abbiamo svolto sia procedure analitiche che limitate verifiche per accertare su base campionaria la corretta aggregazione dei dati.



- per le seguenti società, Società Reale Mutua di Assicurazioni e Italiana Assicurazioni SpA, che abbiamo selezionato sulla base delle loro attività e del loro contributo agli indicatori di prestazione a livello consolidato, abbiamo acquisito riscontri documentali circa la corretta applicazione delle procedure e dei metodi di calcolo utilizzati per gli indicatori.

Conclusioni

Sulla base del lavoro svolto, non sono pervenuti alla nostra attenzione elementi che ci facciano ritenere che la DNF di Reale Group relativa all'esercizio chiuso al 31 dicembre 2023 e contenuta nel Bilancio Consolidato Integrato non sia stata redatta, in tutti gli aspetti significativi, in conformità a quanto richiesto dagli articoli 3 e 4 del Decreto e dai GRI Standards.

Le nostre conclusioni sopra riportate non si estendono alle informazioni contenute nel paragrafo "2.5.6 Regolamento 2020/852 - "taxonomy regulation (tr)" della DNF di Reale Group, richieste dall'articolo 8 del Regolamento europeo 2020/852.

Torino, 12 aprile 2024

PricewaterhouseCoopers SpA

Antonio Dogliotti
(Revisore legale)



Preparation of the 2023 Integrated Consolidated Financial Statements

Workgroup comprised of the following functions:

- Consolidated Financial Statements and Solvency II ●
- Group Sustainability & Institutional Communication ●
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We would like to thank the colleagues who contributed to the preparation of this document.

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