

2024

UNEP-FI Principles for Sustainable Insurance

PSI Disclosure of Progress



Taking care of people for
a better world, together



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a better world, together

2024
UNEP-FI Principles
for Sustainable Insurance
PSI Disclosure of Progress



Since 2023
adherence to the PSI

UNEP-FI Principles for Sustainable Insurance

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PSI DISCLOSURE OF PROGRESS

Preamble

Reale Group, through its parent company Reale Mutua, signed the United Nations **Principles for Sustainable Insurance (PSI)** in March 2023. This membership represents a significant step in the Group's sustainability journey. The decision to sign the PSI was motivated by the desire to **further integrate environmental, social and governance (ESG) factors into the corporate activities and business processes** and to **make a proactive contribution to the transition to a more sustainable economy**.

The PSI provide a global framework for the insurance sector to address risks and opportunities related to ESG factors. By adhering to the PSI, Reale Group is committed to carrying out its activities throughout the insurance value chain in a responsible manner, identifying, assessing, managing and monitoring the risks and opportunities associated with ESG factors.

The Reale Group sustainability strategy is guided **by the United Nations Sustainable Development Goals (SDG)** for 2030. The qualification of **Benefit Corporation**, obtained by the parent company Reale Mutua in 2022, represented a further step forward in this path, formally integrating six Common Benefit Purposes (CBP) into the Company's Articles of Association.

Reale Group signed the PSI to reflect its commitment to reducing risks, developing innovative solutions, improving business performance and contributing to environmental, social and economic sustainability. This commitment is an integral part of the Group's mission to offer protection to people and to generate positive and measurable impacts for all its Stakeholders.

The insurance Group, as a signatory to the PSI, is required to prepare an annual report on the progress made in implementing the principles for sustainable insurance. The key actions undertaken during 2024 are summarised in the following pages. This is the **second annual report** on the progress of implementing the Principles divulged by the Company.

Introduction

Reale Group is an international and multi-service Group operating in various sectors (Insurance, Banking, Real Estate and Services), through the Parent Company Società Reale Mutua di Assicurazioni and the 21 subsidiary companies. Reale Group, with its over 4,000 employees, is present in Italy, Spain, Chile and, since March 2024, it has also been operating in Greece.

Mutuality is the key principle that guides the parent company Reale Mutua, consolidates the Group's Values and inspires the actions of all its companies, highlighting their essence and distinctiveness on the market in terms of reliability, integrity, quality of service and ability to best interpret the needs of customers and the local area.

MUTUALISTIC MODEL

The parent company Reale Mutua stands out on the market due the absence of a major shareholder and puts its Members/Policyholders at the centre. The redistribution of profits, in 2024, involved a disbursement to Members equal to €9.8 million in mutuality benefits.

CORE VALUES

The values that guide the Group's work are the centrality of the person, responsibility, integrity, cohesion and innovation.

VISION, MISSION AND PURPOSE

The Reale Group Business Model is embodied in the Purpose, Vision and Mission, which reflect and guide its work, in line with the Values and Principles of the Code of Ethics.

Reale Mutua's path towards sustainability represents a natural evolution of the mutualistic model that constitutes the Company's DNA. For several years, the Group has undertaken a path to integrate sustainability gradually into its strategy, business, corporate culture and product and service offerings, acting as a strategic lever to ensure the long-term solidity and competitiveness of the mutualistic Group.

In 2022, the parent company Reale Mutua acquired the qualification of Benefit Corporation, inserting six Common Benefit Purposes into its Articles of Association. They commit the Company to working towards the pursuit of sustainable development and **the generation of positive and measurable impacts for all its Stakeholders and the communities in which it operates.** The start of this path has stimulated internal reflection and the co-creation process for defining the Group's Purpose, Vision and Mission.



Purpose

Taking care of people for a better world, together



Vision

Developing the wellbeing of people and communities, creating trust over time



Mission

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

In 2023, the Group outlined its commitments in its **Ambition Letter**, a guide to orient the strategic decisions in the medium to long-term, and in the definition of the **Purpose**: **"Taking care of people for a better world, together"**, which expresses the profound meaning of Reale Group's presence on the market, namely the reasons that drive it to offer protection to people and to have an impact on their lives.

In February 2024, the Group launched the **strategic project "ESG in Corporate Strategy"** which aims to guarantee the Group's strong positioning in the ESG field by evolving the "impact" model already typical of the Parent Company Benefit Corporation and integrating ESG factors into the various business areas in which the Group operates.

Context analysis



Integrated Sustainability

- Three-year strategic project **"ESG in Corporate Strategy"** to come in line with the CSRD legislation and to integrate sustainability ex ante into the business processes.
- Positive impact on the economy, environment and society with a "double materiality" approach.



Digital Innovation

- Focus on the Digital Transformation Strategy
- Development of ecosystems for Well-Being and Living Property.



International Growth

- Expansion in Greece with the acquisition of Ydrogios Insurance and Reinsurance S.A.
- Establishment of the holding company Reale International S.R.L. to coordinate foreign development.

STRATEGIC LINES



Centrality of Agents and Distribution Networks

- Agency modernisation projects to improve the consultancy approach
- Development of new products and services in the protection and welfare sectors.

Medium to long-term goals

- Strengthen the mutualistic model with investments in projects with a high social impact.
- Create sustainable economic value to consolidate capital strength.
- Adapt to uncertain geopolitical and macroeconomic contexts while maintaining stability and resilience.

Expected results

- Increase competitiveness and profitability, with particular attention to the core business of insurance.
- Positioning as a leader in the relationship of trust with Stakeholders thanks to a strategy oriented towards service excellence.

Reale Group's 2024 Integrated Consolidated Financial Statements include an overview of the main data and figures on the financial year performance, as well as providing further details about the implementation of the Group's sustainability commitments.



Principles for Sustainable Insurance (PSI)

Principle 1

Integrate environmental, social and governance issues relevant to the insurance business into the decision-making process.

COMPANY STRATEGY

Establish a company strategy to identify, assess, manage and monitor ESG issues in business operations

Reale Group's sustainability **strategy** is guided by the results of the **double materiality analysis**. During 2024, the double materiality exercise used the **Stakeholder engagement** conducted in the previous year, which had involved various categories of Stakeholder, both internal and external (employees, corporate bodies, intermediaries and distribution channels, suppliers of goods and services, the community). The **2024 Stakeholder engagement** process also involved **Top Management and the relevant departments of the Group for the assessment of impacts, risks and opportunities (IROs)** relating to the following clusters of the **value chain: own operations, suppliers, underwriting, credit, investments, distribution channels**.

The 2024 double materiality analysis began with a survey administered to members of the Sustainability Committee. The assessments were expressed according to the two dimensions of materiality envisaged by EFRAG (impact materiality or inside-out and financial materiality or outside-in), in view of the provisions of the new regulation on sustainability reporting (CSRD - Corporate Sustainability Reporting Directive).

The topics found to be material were the following: E1-Climate change, S1-Own workforce, S2-Workers in the value chain, S3-Affected communities, S4-Consumers and end-users, G1-Business conduct.

The results of the survey were presented to Top Management and proposed for the approval of the Parent Company's Board of Directors on 27/01/2025.

Once the results of the double materiality were validated, the Group, in the strategic planning stage, defined a series of macro-commitments based upon the 2024 Action and Target Plan ("Benefit Plan") defined by the Parent Company in compliance with Italian Law 208/2015 (paragraphs 376-383 and Annexes 4-5), which regulates Benefit Corporations, and integrated ESG logics into the Reale Group Guidelines for planning relating to the 2025-2027 three-year period (so-called Budget Letter). In particular, a series of **qualitative targets were inserted into the Budget Letter linked to ESG topics**, in relation to each topic considered material. In this way, a Group Sustainability Plan was developed, as an evolution of the current Benefit Plan, which includes policies, actions and objectives for the sustainability issues found to be material.

The results of the double materiality analysis were therefore functional to orienting the Group's strategy in the ESG field.

Reale Group, in its role as an insurance parent company, monitors the integration of ESG issues into the governance and risk management of its subsidiaries, considering the evolution of national and international legislation.

In particular, the **Parent Company's BoD** has the task of:

- approving the sustainability strategy and the related policies and activities, taking into account the impacts, risks and opportunities and interests of the Stakeholders;
- approving, as part of the process of defining the Risk Appetite Framework (RAF), the risk tolerance also with reference to ESG factors;

- approving the internal control system, also in relation to ESG issues.

Specific bodies and dedicated departments have also been established to ensure that social, environmental and governance aspects related to the business activities are systematically taken into consideration. In particular, the **Sustainability Committee** which performs the following functions:

- promotes increasing integration of environmental, social and governance factors into the corporate activities of Reale Mutua and the Group, with the aim of generating positive impacts (where possible, measurable and intentional) for the benefit of Stakeholders and the communities in which the Group companies operate, in a medium to long-term time horizon;
- promotes relations with the Reale Foundation and ensures its coordination;
- manages all activities connected with Reale Mutua's assumption of the qualification of "Benefit Corporation".

The **Board of Statutory Auditors** is responsible for monitoring sustainability issues falling within the scope of control activities regarding compliance with the law and applicable regulations, compliance with principles of good administration and the adequacy of the organisational structure.

The level of expertise in relation to sustainability issues of members of the Board of Directors and the Board of Statutory Auditors is continuously developing, also thanks to specific training sessions on ESG issues enabling them to consolidate their awareness of environmental, social and governance issues, as well as continuous updating and development of skills and knowledge of the most recent regulatory requirements, impacts, risks and opportunities related to sustainability for the insurance context, and in particular for the Group.

During the year, several training meetings were held which covered sustainability issues and risks, their market evolution and the upcoming challenges.

A self-assessment activity of the Board of Directors is underway with regard to the expertise of the members of the Board of Directors in relation to sustainability issues.

The **Group Chief Sustainability & Institutional Communication Officer**, who reports directly to the General Manager, is responsible for implementing the sustainability strategies and policies. The Group Chief Sustainability is **a member of the Group Management Committee (GMC), the Group's highest strategic body**. This allows the Group Chief Sustainability & Institutional Communication Officer to guide the Group's ESG strategy, to manage relationships with key stakeholders, and to promote a culture of sustainability within the company.

In February 2024, the Group launched the **ESG in Corporate Strategy Project** aimed at **integrating ESG issues into the strategy, governance, culture and business processes**, ensuring the Group's strong positioning in the area of sustainability.

To ensure consistency in the action and implementation of the strategy between the various companies and in the governance of the Group, the project was organised around a **matrix structure**, allowing for the correct coordination of the project activities and the interpenetration of the cross-sectional departments (Communication and Reporting, Regulatory, ICT-CDO, International) in the business lines involved (Insurance Products and Services, Financial Products, Banking, Real Estate, Risk Management, Internal Governance and Control, People, Claims).

The Project aims to guide the Group's strategy towards the integration of sustainability profiles with a multi-year time horizon in the following areas:

- **Internal governance and control:** in this area, the current internal regulations are being reviewed and a Document Framework Update Plan is being defined to integrate the relevant ESG factors. A process for conducting due diligence with respect to the Minimum Safeguards is being drafted.
- **Risk management:** The Risk Management Framework has been updated in order to integrate ESG factors into the Insurance Group Risk Map and into the Risk Appetite Framework (RAF) and criteria (qualitative and quantitative) have been introduced to define the materiality of sustainability risks. In this context, the Own Risk and Solvency Assessment (ORSA) report has



been enriched with forward-looking analyses of risks arising from climate change, including through the execution of climate scenarios. The activities in progress include: the strengthening of the ex ante sustainability risk management approach to the Group's suppliers by evaluating the introduction of a Risk Self-Assessment for selectable suppliers.

- **Insurance Products and Services:** the guidelines and criteria for the development of new products with sustainability-related objectives have been updated (with a focus on products not covered by the Green Taxonomy and the SFDR) and their extension to taxonomy-aligned products. The internal documentation relating to product governance has also been updated in light of the IDD updates in the presence of products with sustainability features.
- **Financial products:** work is being done on the methodology for qualifying investments as sustainable pursuant to the SFDR (e.g. definition of DNSH rules) and the evolution of the Sustainable Investment Policy, along with the assessment of the classification of other products/investment options pursuant to the SFDR and the development of guidelines for products pursuant to Art. 8 and 9.
- **Real Estate:** application of a physical and transition risk assessment model on Reale Immobili's properties to verify the portfolio vulnerability. The outcome of this analysis was reported in the Group's 2025-2027 ORSA report. The ESG rating project for Reale Immobili Italy suppliers has also been launched.
- **People:** the Diversity&Inclusion Policy has been prepared and the Gender Equality Certification has been obtained (October 2024). A Gender Equality Management System has been defined and the Group Management Committee has appointed the Gender Equality Steering Committee (ITA). The analysis of training needs and the related continuous training of staff in the ESG field has continued. The remuneration policy is being revised to define new KPI linked to ESG objectives for the variable remuneration portion.
- **Credit:** in the banking sector, the Credit Risk Management Policy has been approved, which incorporates the exclusion criteria set out in the "Group Sustainability Risk Management Policy".

As part of the ESG in Corporate Strategy Project, the Group has produced a "**Minimum Safeguards**" document required for the alignment of products with the Green Taxonomy and it is working to define a due diligence process. Furthermore, the Group has conducted a **review of the Group Code of Ethics** in order to clarify its commitments towards respecting human rights and the environment as prescribed by the sustainability reporting directive and the due diligence directive.

Updates on the progress of the project streams are made through periodic alignments of the Steering Committee and periodic reports to the GMC composed of top management of the insurance companies.

As part of the project perimeter, during the year, activities began to implement an infrastructure for the collection of ESG data and the development of data quality and data governance processes to manage the new ESG requirements.

Dialogue with stakeholders on the importance of ESG issues

The Parent Company Reale Mutua, operating in constant compliance with the principle of Mutuality, stands out on the market due to the absence of a major shareholder and, therefore, its **independence**. In a Mutual Insurance Company, one becomes a Member by signing an insurance contract - and not shares in the share capital (which does not exist) - and one ceases to be a Member upon the termination of the insurance relationship; **participation** in the Company is, therefore, not **linked** to the provision of goods or services, but **to the payment of periodic contributions (premiums), commensurate with the risk**. In short, in "pure" mutual companies, such as Reale, **all Members are Policyholders and all Policyholders are Members**.

During 2024 Reale Group undertook numerous communication and dialogue actions with its Stakeholders to improve the Group's accountability and to enable the engagement of Stakeholders in the business decisions. The constant engagement of Stakeholders is part of the Group's integrated approach towards business conduct that aims to improve continuously the quality of the service offered, increase accessibility and guarantee maximum transparency of information.

Through these actions, the Group engages with its Stakeholders with mutual collaboration and responsibility, placing **them at the heart of its business processes** and considering them an important strategic element to identify and influence the Group's "material" topics, namely those that may generate risks or opportunities. The results of these actions also enabled us to anticipate and manage risks of different nature (reputational, operational and sustainability) and to identify the material topics and future trends.

Integrate ESG issues into recruiting and training

The **centrality of the person** is one of the core values of Reale Group. In **line with the Group Purpose - "Taking care of people for a better world, together" - and with the Articles of Association of Reale Mutua, which describe the six Common Benefit Purposes of Reale Mutua Benefit Corporation** - having an impact on all other Reale Group Companies - people are at the heart of the Group's statutory purpose.

The **selection and recruitment policies** are aimed at assessing the skills required for the vacancy, with no discrimination based on gender, age, sexual orientation, ethnicity, religion or ability.

In terms of **training**, the Group pays particular attention to projects related to gender and diversity (inclusive leadership) as well as the training of talented women. Through training and development, the Group's people have the opportunity to work on their personal and professional skills. In addition, positive actions are taken to reduce the gender gap - if the candidates have equal merit and skills - in certain positions where under-representation occurs.

This approach not only aims to create a more equitable, productive and satisfying work environment, but also a safe, healthy and welcoming ecosystem.

RISK MANAGEMENT AND UNDERWRITING

Establish processes to identify and assess ESG issues inherent in the underwriting portfolio

With regard to the underwriting activity, the **ex-ante management of sustainability risks** occurs through the **definition of exclusion categories** for the underwriting of risks whose activities are deemed not in line with the Group's sustainability values, as well as the categories of unappreciated/particular risks for which an ad-hoc assessment/investigation process is envisaged. As part of the ex-ante management of sustainability risks, the underwriting of risks of Companies that operate predominantly and directly in controversial sectors and do not meet ethical criteria, in line with the Reale Group Code of Ethics, are excluded. In particular, the following exclusions are envisaged for listed companies:

- violations of the Organisation for Economic Co-operation and Development (OECD) Guidelines for multinational enterprises;
- violations of the United Nations Global Compact (UNGC) Principles;
- violations of the International Labour Organization (ILO) conventions (General and Fundamental Conventions); and
- violations of the United Nations Guiding Principles on Business and Human Rights (UNGPR).

Integrate ESG issues into risk management, underwriting and capital management

The sustainability risk assessment methodology takes into account the following basic principles:

The risk is initially analysed gross of the assessment of the effectiveness of the controls, i.e. before the application or in the absence of the same; this assessment is called gross risk.

Gross risk is the result of the product between the probability of occurrence and the magnitude when the event occurs (severity of its effects).

The control efficacy assessment/protection methods put in place by each Company within the perimeter make it possible to reduce/mitigate the gross risk, so as to define the residual risk, i.e. the net risk.

Each risk is identified on the basis of the ESRS standards⁴ for each sustainability issue identified. Alignment with the provisions of the CSRD ensures transparency in the social, environmental and governance fields and allows investors and stakeholders to be provided with comparable information on the market regarding the strategic positioning of companies in the sustainability field.

⁴ The ESRS standards are issued by the European Financial Reporting Advisory Group (EFRAG), an independent advisory body appointed as a technical advisor by the European Commission for the application of the principles contained in the CSRD directive.



Each risk can be assessed by multiple departments/*risk owners* based on the relevant sustainability issue. The risk assessment will be the result of the average of the assessments of all relevant departments/risk owners.

For each risk in the Sustainability Risk Catalogue, the department identified as being responsible for or the owner of that risk, supported by the Group Risk Governance Department or by the local Risk Management Departments together with the Compliance Department, performs the assessment of the sustainability risk in question via a qualitative process characterised by the following steps:

- Assessment of the relative probability of occurrence with a 10-year time horizon.
- Assessment of the magnitude when the risk occurs.
- Quantification of the Gross Risk.

The Department identified as being responsible for or the owner of the risk in question expresses its assessment on the qualitative scales for the assessment of financial risks and opportunities.

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 sustainability-related aspects also in the selection of securities investments, as formalised in the **Responsible Investment Policy**. 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. In particular, in the context of the definition of the ESG integration criteria and best in class, each issuer is assessed according to the “ESG rating” produced by the external provider MSCI. The MSCI ESG rating provides an opinion on the issuers’ management of sustainability risks and financially relevant opportunities.

With regard to the **underwriting** activity, the **ex-ante management of sustainability risks** occurs through the definition of exclusion categories for the underwriting of risks whose activities are deemed not to be in line with the Group’s sustainability values, as well as the categories of unappreciated/particular risks for which an ad-hoc assessment/investigation process is required.

PRODUCT AND SERVICE DEVELOPMENT

Develop products and services which reduce risks and have a positive impact on ESG issues

Reale Group, with reference to the products and the company business model, has **two business lines: Life and Non-Life**, which offer products classified in the following areas: Life investment (IBIPs) and Non-Life and Life Protection.

In the Life investment (IBIPs) sector, in which Reale Group operates with the companies Reale Mutua, Italiana Assicurazioni and Reale Vida y Pensiones, the commitment to offer customers a wide choice of investment options, classified under Article 8 pursuant to Regulation EU 2019/2088 (SFDR), has continued.

In this sense, the funds underlying the insurance investment products sold by the Group Companies were chosen based upon the strategy that aims to integrate ESG principles with the pursuit of economic gain.

Based on the characteristics and guarantees provided, the products offered by the Group aim to **offer social and environmental benefits** ranging from the promotion of adequate living standards and consumer well-being, to climate change mitigation and adaptation, along with the prevention and reduction of pollution and the protection of biodiversity.

The Group has also produced some **Guidelines**, revised and updated in autumn 2024, which identify the classification criteria of insurance products for reporting purposes in the Integrated Consolidated Financial Statements, for those products that do not fall within a specific classification according to the criteria defined by the relevant European legislation (non-IBIPs life products, non-eligible non-life products, eligible non-life products but not aligned with the EU Taxonomy).

The definition of sustainability-related objectives, as in the previous version, continues to be based on the non-financial *Global Reporting Initiative* (GRI-G4 *Sector Specific for Financial Services*), in particular, the Financial Services FS7 and FS8 indicators. At the same time, the additional services offered by the Group in the agricultural sector, such as AGRicoltura100, and the products and services offered in the banking, real estate and social health sectors, also aim to integrate the Group's sustainability offering.

Develop training programmes on ESG issues

Reale Group supports the continuous training of its employees and along the value chain. As part of the ESG in Corporate Strategy project **cross-sectional and specific training has been delivered on CSRD and ESRS (196 participants)**, with the provision of ID-cards for quantitative data points, a Q&A system and the organisation of exploratory meetings of the DPs by theme/department-area.

A training cycle was also organised on **greenwashing** (2 meetings) for a broad section of the company population (**88 actual participants**), followed by a campaign via the company intranet Really with a series of informative clips on the following aspects:

- What is greenwashing?
- Greenwashing: main features
- Greenwashing: impacts
- Greenwashing: manifestation at an entity level
- Greenwashing: recognising unfair commercial practices
- Actions to limit Greenwashing

CLAIMS MANAGEMENT

Respond to clients quickly, fairly, sensitively and transparently

Sustainable claims management is a key element of Reale Group's strategy. The aim is **to minimise the environmental and social impact of claims**, while providing a high quality service to customers. The main initiatives in this area include:

- 1. Digitalisation of Processes:** Reale Group has invested heavily in the digitalisation of claims management processes. The use of advanced technologies reduces management times, improves efficiency and reduces paper use, thus contributing to environmental sustainability.
- 2. Sustainable Repair:** In collaboration with trusted body shops, Reale Group promotes the use of sustainable repair techniques, such as repairing rather than replacing damaged components.
- 3. Training and Awareness:** Reale Group organises training and awareness programmes for its employees in order to promote a culture of sustainability in claims management.

The choice of fiduciaries and the management of relationships with them are crucial aspects for guaranteeing effective and sustainable claims management. Reale Group adopts a rigorous and transparent approach in the selection of partners, based on quality, reliability and sustainability criteria. The main elements of the business model include:

- 1. Selection Criteria:** Fiduciaries, such as body shops and experts, are selected through an evaluation process that considers not only technical skills and quality of service, but also focuses on the commitment to sustainable and responsible practices.
- 2. Collaboration and Monitoring:** Reale Group maintains a close collaboration with fiduciaries, constantly monitoring their performance and providing support to improve the quality of service and the adoption of sustainable practices.
- 3. Contracts and Agreements:** Contracts with fiduciaries do not currently include specific sustainability clauses, such as the obligation to use environmentally friendly materials and to adopt waste management practices compliant with environmental regulations. The contracts and the information questionnaire are being updated, with the inclusion of a survey about the specific aspects in question, jointly with the Legal Affairs Service.



4. Feedback and Continuous Improvement: Reale Group regularly gathers feedback from customers and fiduciaries in order to identify areas for improvement and to implement corrective actions. This continuous improvement approach ensures that claims management practices are always aligned with the Group's sustainability objectives. Reale Group's strategy and business model for sustainable claims management and the selection of and relationships with fiduciaries reflect the Group's commitment to sustainability and social responsibility. Through the adoption of advanced technologies, the promotion of sustainable repair practices and the rigorous selection of partners, Reale Group aims to offer a high quality service to customers, while contributing positively to the environment and to society.

INTEGRATE ESG ISSUES INTO CLAIMS MANAGEMENT

Reale Group adopts a **rigorous approach in the selection of fiduciaries** and other entities involved in claims management, for the purpose of assessment processes and by acquiring information on the application of ESG criteria by fiduciaries. This approach ensures that partners not only offer high quality services, but also meet high standards in terms of environmental sustainability, social responsibility and governance. The main ESG criteria considered include:

- 1. Working Conditions:** Reale Group evaluates the working conditions offered by fiduciaries, trusting that they respect workers' rights and offer safe and salubrious working conditions.
- 2. Equal Treatment and Opportunity:** Equal treatment and opportunity for all employees are fundamental criteria in the selection of fiduciaries. Reale Group ensures that its partners adopt non-discrimination policies and promote inclusion and diversity within their organisations.
- 3. Environmental Practices:** Fiduciaries must demonstrate sensitivity and commitment to sustainable environmental practices, such as the use of environmentally friendly materials, responsible waste management and the reduction of carbon emissions.
- 4. Governance:** Reale Group also evaluates the governance of fiduciaries, ensuring that they adopt transparent and ethical management practices, and that they comply with current regulations.

Reale Group pays great attention to the selection of fiduciaries and other entities involved in claims management, integrating ESG criteria to guarantee sustainable and responsible practices. Relationships with these partners can have significant impacts on environmental, social and governance aspects, and Reale Group is committed to maximising positive impacts through careful and proactive management.

SALES AND MARKETING

Educate Sales & Marketing staff on ESG issues

In 2024, a training course entitled **"ESG Profiles of Insurance Distribution – Life Business"** was organised for the benefit of Agents, Sub-Agents/Collaborators, Front/Back Office of Reale Mutua and Italiana (**7 virtual classrooms, 63 total participants**).

Make sure product and service coverage, benefits and costs are relevant and clearly explained and understood

In relation to the provision of quality information, the Group makes the **product summary document (known as "POG Sheet")** available to the distribution network, containing all necessary information for the correct distribution of the product to the specific customer target, identified during the implementation phase. The fact sheet includes the main product information (name, description, conditions, costs, etc.), the target market, the distribution strategy and the results of the product testing activity.

The quality of the information is monitored through the **Net Promoter Score**, as well as through the monitoring process envisaged by the POG.

INVESTMENT AND ASSET MANAGEMENT

Integrate ESG issues into investment decision-making and ownership practices (e.g. by implementing the PRI)

Reale Group believes that responsible finance can contribute to funding sustainable and inclusive growth models and become one of the key factors for supporting economic growth over time.

The **Group's Responsible Investment Policy**, approved by the Reale Mutua Board of Directors and ratified by the Boards of Directors of the subsidiaries, aims to define and formalise the responsible investment strategies applied to the securities portfolios of Reale Group companies.

The Group Investment Committee examines, evaluates and guides investments, both in securities and real estate, in compliance with the guidelines and limits established by the Boards of Directors of the companies, also with reference to the responsible investment management strategies.

The Group Sustainability Committee has proactive, consultative and investigative functions, in support of the Board of Directors, on sustainability issues; the Committee examines the Group's Responsible Investment Policy to verify and ensure that the sustainable finance indications contained therein are consistent with the Group's sustainability strategy.

Top Management is responsible for implementing, maintaining and monitoring the same, with the support of the Group's departments in their respective areas of responsibility.

The Group's Responsible Investment Policy establishes various strategies connected to the integration of ESG principles.

It defines the **exclusion criteria**, based upon violations of international or sector-based conventions or controversial activities, to avoid the underwriting of risks associated with sustainability aspects involving companies belonging to sectors and countries not considered "sustainable" in the medium to long-term.

With a view to mitigating climate change, exclusions with environmental characteristics are applied with a zero tolerance criterion towards companies involved in serious environmental controversies and in countries that have not ratified the Paris Agreement and with a highly restrictive criterion towards investments in companies with potential emissions deriving from unconventional reserves.

ESG Integration Criteria and Best in Class

A screening process is carried out to determine an "ESG rating" for each issuer which considers environmental aspects among its dimensions; particular attention is paid to identifying issuers, both government and corporate, that obtain the best ESG scores within the investing 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 impact. In particular, the instruments currently used to finance investments that generate a positive environmental impact, including climate change mitigation and adaptation and other climate issues, are Green Bonds, Sustainability Bonds and Transition Bonds.

In particular, through the lever of **impact investing**, the Group companies have invested in instruments such as Green Bonds and Sustainability Bonds to pursue the dual objective of generating solid financial returns and creating positive and measurable impacts on the environment and on society. The portfolio component invested in Green and Sustainability Bonds amounts to 14.6% of the overall managed securities portfolio.



The strategy has led to a significant increase in these instruments over the past few years and this strategic orientation will gradually continue, confirming the Group's commitment to supporting projects that contribute to environmental and social sustainability.

Thematic investing

One of the three thematic areas identified on which to focus direct and indirect investments to contribute to the achievement of SDG (Sustainable Development Goals) 7 and 13 of the United Nations 2030 Agenda is climate resilience, which exploits, from a sustainability perspective, the potential of companies that will have greater growth opportunities in the long-term.

PAI Strategies

Reale Group considers the Principal Adverse Impacts (PAI) for sustainability factors resulting from its investment decisions, with reference to the portfolios of financial products offered. In particular, with reference to climate change, the following PAI have been prioritised and given attention:

- PAI 2 - Carbon footprint
- PAI 4 - Share of investment in companies active in the fossil fuel sector
- PAI 5 - Share on non-renewable energy consumption and production

The Policy is available on the Group website (www.realegroup.eu).

Principle 2

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

TOWARDS CLIENTS AND SUPPLIERS

- **Dialogue with clients and suppliers on the benefits of managing ESG issues**
- **Provide clients and suppliers with information and tools that may help them manage ESG issues**
- **Integrate ESG issues into tender and selection processes for suppliers**
- **Encourage clients and suppliers to disclose ESG issues.**

The Reale Group Companies operate, also in coordination with their Brokers and other distribution channels, with diligence, correctness and transparency towards Members/Policyholders-Customers, organising themselves in such a way as to:

- acquire the information necessary to assess the insurance and pension needs of Members/Policyholders-Customers, including their preferences in the sustainability area, and ensure that they are always adequately informed;
- ensure that Members/Policyholders-Customers are listened to and constantly involved in order to improve the relationship with them and enhance the mutualistic dimension of the Group;
- provide clear, accurate and verifiable information, avoiding deceptive or misleading statements.

With regard to the relationship with Suppliers, Group Procurement has started a structured path to integrate ESG aspects gradually into its processes, promoting the sustainability of the supply chain as a strategic driver to guarantee the Group's long-term solidity and competitiveness. This process began during the financial year with the selection of an ESG (Environmental, Social, Governance) rating provider for supplier assessment.

TOWARDS INSURANCE, REINSURANCE AND INTERMEDIARY COMPANIES

- **Promote the adoption of the Principles**
- **Support the inclusion of ESG issues in the insurance industry**

Reale Group promotes the adoption of the PSI and supports the inclusion of ESG issues in the professional training of its employees and business partners through participation in ANIA and IVASS working groups on regulatory developments and reporting issues, for example, for the purposes of the Consolidated Non-Financial Statement.

During the financial year, Reale Group implemented the **“Impact Innovators Board”** initiative, a valuable opportunity to promote ESG culture within the Group. The initiative was international in scope, involving all the countries of Italy, Spain, Greece and Chile and ensuring equal representation in terms of gender and age groups. 34 innovative and high impact projects in the ESG field were collected, of which 13 were admitted to the final phase in a Live Day that took place in Turin, with three winning projects emerging. During 2025, the feasibility of the latter will be evaluated, thanks to the application of the Reale Lab 1828 methodology and, in the event of a positive outcome, one or more “pilots” will be created for the validation of the KPI and for subsequent implementation.

The Group is also engaged in promoting insurance culture and history through the conservation of the historical heritage of the **RMA Museum and Historical Archive** and the creation of projects on sustainability issues aimed at schools and people with poor financial literacy.

Principle 3

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

POLICYMAKERS

- **Support regulatory frameworks that enable risk reduction and innovation on ESG issues**
- **Dialogue with policymakers to develop integrated risk management approaches**

All Reale Group companies are driven by the mutualistic model of the Parent Company Reale Mutua and are committed to disseminating it, also by actively participating in international working groups promoted by **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 companies in Europe.

During the year, Reale Group became a partner of the **Social Impact Agenda for Italy (SIA)**, the Italian network of investments and impact finance, confirming its commitment to building a new economy that integrates economic sustainability and social impact; Reale Group also signed the **“Business for People and Society”** manifesto of the UN Global Compact, in further confirmation of its growing commitment to the social dimension of sustainability in business, along supply chains and in communities.

Reale Mutua also actively participates in **public consultations** for the definition of new legal and regulatory measures in the industry such as, for example, **the qualitative-quantitative survey promoted by IVASS** aimed at analysing and monitoring physical risks from natural disasters connected to climate-related events and seismic events, transition risks and sustainability risks in the insurance sector, or **the annual survey on sustainability in the insurance sector**, conducted by the Sustainable Finance Forum and ANIA (Italian National Association of Insurance Companies).



Reale Group continues to be actively present in various working groups in the field of sustainability, starting with its participation in the **ANIA Permanent Sustainability Committee** - in the context of whose activities Reale Mutua participated in the public consultation on the topics covered by the EFRAG guidelines and in the survey on the findings of the double materiality analysis among insurance companies - and in dedicated Sustainability Working Groups in AMICE and Eurapco; furthermore, the Group has promoted and organised national and international meetings at its offices in order to encourage exchange between industry professionals.

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, actions and effectiveness of mutuality as an economically and socially sustainable model.

In 2024, Reale Mutua and ITAS Mutua, the only two Italian mutual insurance companies, once again put forward the **"Mutuality Prize"**, a call for proposals aimed at Italian Foundations, Mutual Companies, Associations, Cooperatives and Social Enterprises that has provided the financial support of €100,000 for the implementation of a mutualistic project.

In this respect, 74 projects from all over Italy applied in the second edition of the Mutuality Prize, with the aim of creating and redistributing value in their communities. After careful evaluation, the Jury chose the initiative that best combined the spirit of mutuality and innovation, with particular attention to the psychological safety needs of new generations in relation to the fight against bullying and cyber bullying.

Thanks to Reale Foundation, the **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, **€1.6 million** was disbursed in favour of the Foundation, for 42 projects, which reached **34,300 direct beneficiaries** and **307,100 indirect beneficiaries**.

OTHER STAKEHOLDERS

Dialogue with NGOs, industry associations, academia and the scientific community and the media to promote public awareness of ESG issues

Reale Group considers the exchange with academia, industry associations and the media to be of great value for disseminating mutualistic principles and sustainability issues in society.

For this reason, during the financial year the Parent Company participated in the working groups on social impact and sustainability reporting organised by **Assobenefit**, the National Association for Benefit Corporations that groups together over 200 Benefit Corporations in Italy; it also took part in the **Turin Social Impact** communities, an alliance between companies and public and private institutions to promote impact finance.

The Group also maintains relationships with academia and supports academic research that promotes knowledge of risk management in the insurance industry. In particular, during the financial year Reale Mutua made a donation in favour of a research project known as **"Cultural Perception and Communication of Environmental Risk"** co-financed by the Department of Cultures, Policies and Society of the University of Turin, which addresses the relationship between the communication and perception of climate risks by the population, in the Turin and Piedmont areas.

Reale Mutua actively participates in the **Community of the ESG Sustainable Finance HUB of the CeTIF - Catholic University of Milan**.

During the financial year, Reale Mutua sponsored the **"Purpose Day 2024: Igniting Real Impact"**, the first event in Italy dedicated to the issue of the purpose organised by the Polimi Graduate School of Management in Milan.

Reale Group is committed to raising awareness among all Stakeholders on issues related to sustainable insurance principles through specific **social media communication campaigns** focused on sustainability and risk management issues, as well as the dissemination of financial information.

During 2024, the sustainability pillar constituted 16% of the contents of Reale Group's annual publishing plan, with the following performance indicators:

- **4.2K average** impressions for published posts;
- **Engagement Rate (ER) at 0.85%** (highest with respect to the Corporate contents and second only to Institutional Events).

Principle 4

Demonstrate responsibility and transparency in reporting to the public on progress in implementing the Principles.

GOVERNMENTS, SUPERVISORY AUTHORITIES

Assess, measure and monitor progress in managing ESG issues

Corporate Governance, including through the establishment of Committees, ensures that the Group's information assets are not the monopoly of the few, but are distributed among several people in order to enable their sharing and guarantee their 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 decision-making nerve centre, is a necessity and a duty; the information must be the clearest, most exhaustive, timely and complete possible.

Communications to society are also based on maximum transparency and truthfulness.

Transparency towards Employees also occurs through information and engagement campaigns on the company intranet and through the periodic publication of information on new hires, job changes and internal promotions, just as that towards Members/Policyholders-Customers is implemented according to different methods, for example the provision of timely information on websites, in reserved areas and on apps.

Contracts are prepared in a simple and clear manner, to facilitate an understanding of the features of the products/services offered, as required by the law in force.

Transparency initiatives include the establishment of the "Commissione di Garanzia dell'Assicurato" (Policyholders' Ombudsman) in Reale Mutua in 1995 which was extended to Italiana Assicurazioni in 2014.

This Policyholders' Ombudsman is an independent and impartial body whose aim is to resolve any disputes between the Company and the Policyholder through an effective procedure, with 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 2024, public opinion interviews were conducted in Italy and Spain (Chile has not yet adopted this tool), using the analysis model known as RepTrak®. The **Brand Reputation** of Reale Group stands at 68, points 6 (= vs. 2023) therefore in the "Average" bracket.

During the year, the sixth survey on the corporate climate was conducted, aimed at all employees of the Italian Group companies: the "**Trust Index**", an indicator that measures the corporate climate and the trust index in the company, recorded 67% (+2% compared to 2023), enabling the Group to obtain the "**Great Place to Work**" certification.



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 to and engagement in the constant monitoring of its environmental activities with a view to continuous improvement.

Reale Group publishes annually the **Integrated Consolidated Financial Statements**, from 2024 in accordance with the ESRS standards prepared by EFRAG pursuant to the CSRD.

Furthermore, in accordance with the legislation regulating Benefit Corporations (Italian Legislative Decree 208/2015), Reale Mutua publishes the Annual Report on the pursuit of its Common Benefit Purposes which includes the measurement of the impact generated towards all its Stakeholders. 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 Integrated Consolidated Financial Statements.

The quality of the work carried out is demonstrated by the **win achieved at the 2024 Budget Oscars** promoted by FERPI, Borsa Italiana and Bocconi University, precisely in the "Benefit Corporations" category.

Reale Group is committed to raising awareness among all stakeholders on issues related to the principles of sustainable insurance through specific social media communication campaigns dedicated to topics of sustainability and risk management, as well as the dissemination of financial information.

Participate in the main sustainability reporting frameworks

The Group's Integrated Consolidated Financial Statements are prepared in accordance with the sustainability reporting standards prepared by EFRAG pursuant to the CSRD as implemented by Italian Legislative Decree 125/2024.

Furthermore, Reale Group uses various indicators to monitor the effectiveness of its actions and activities. For example, the evolution of the offer of products with sustainability features is monitored through the GRI indicators: Financial Services FS7 (Monetary value of products and services designed to offer a specific social benefit) and FS8 (Monetary value of products and services designed to offer a specific environmental benefit).

Dialogue with clients, regulators, and other Stakeholders to gain mutual understanding on the value of disclosure

The way in which Reale Group relates to its Stakeholders is a characterising element of its manner of doing business: for Reale Group, People have always been at the centre of a communication process based on listening and exchange that also involves the transparency and authenticity of information flows; this year, in particular, the Group has paid great attention to providing a proactive and attentive response to the challenges of the new reporting regulation - the CSRD - using resources and making a commitment to facilitate this exchange.

Reale Group makes all the Group's strategic documents (Code of Ethics, Sustainability Strategy, Supplier Code of Conduct, Integrated Consolidated Financial Statements, Impact Report, PSI Report, etc.) available to employees, customers, suppliers and business partners in an easily accessible manner to ensure the maximum transparency and authenticity of information.

