

REALE FOUNDATION'S PROCEDURE FOR THE PREVENTION OF MONEY LAUNDERING AND THE FINANCING OF TERRORISM

Anti-money laundering function (Unidad de Prevención del Blanqueo de Capitales, UPBC)

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Introduction

Reale Foundation (hereinafter referred to as the “Foundation”) constitutes a transversal and international tool for the Reale Group companies (hereinafter referred to as the “Group”) which encourages community-based initiatives—primarily in those countries where the Group is present and operates: namely, Italy, Spain and Chile.

Spanish Law 10/2010 of 28 April on the prevention of money laundering and the financing of terrorism, approved by Spanish Royal Decree 304/2014 of 5 May, as well as its corresponding regulations, specify that Foundations must comply with anti-money laundering measures and establishes specific conducts.

In compliance with the aforementioned obligations, the following procedures for the prevention of money laundering are established by the Foundation.

Verification of the identity of persons receiving funds gratuitously

The Foundation shall request the documents it deems necessary to:

- verify the identity of all the beneficiary entities to which resources are allocated for the financing of activities and, where appropriate, the real owners (as defined in article 4 of Law 10/2010);
- verify any additional information deemed necessary (e.g. verify the type of business activity) to assess possible risk factors;
- document, where appropriate, the analysis performed for the approval of the beneficiary entities.

In this respect, the Foundation shall request, collect and evaluate the following documents subject to the characteristics of the recipients of funds or resources.

Documents to identify collaborators and partners

- For natural persons, the following documents are required:
 - Spanish identity card (*Documento Nacional de Identidad, DNI*)
 - Residence card (*Tarjeta de Residencia*)
 - Foreigner’s identity card (*Tarjeta de Identidad de Extranjero, TIE*)
 - Passport
 - Official identity document issued by the authorities of the country of origin (for citizens of the European Economic Area).
- For legal persons, the following documents are required:

- Tax identification number (*Número de Identificación Fiscal*, CIF)
- Memorandum of association, or, in the absence thereof, a public document certifying its existence and including, among others, the company name, legal form and address
- A public deed with power of attorney, or a document that certifies legal representation, as well as a document identifying the individuals who represent the legal entity
- Certification of the composition of the board of directors or body representing the associations in the corresponding administrative registry

In the event that the Foundation determines that the formal owner does not coincide with the actual owner of said relationship, a declaration of compliance (affidavit) may be requested from the partner or from the person who represents the partner, together with the formal identity documents mentioned above.

When the nature of the project or business renders individual identification unfeasible or when the activity performed entails a low risk of money laundering or terrorism financing, the group of beneficiaries and the partners or collaborators in said project or business must be identified.

Documents required to assess risk factors and approve beneficiary entities

- Statutes of the organisation receiving the funds or resources
- Certificate from the Spanish Registry of Associations of the Ministry of Interior (*Registro Nacional de Asociaciones del Ministerio del Interior*) if it operates at the national level, or from the corresponding registry of the autonomous community where it conducts its business, or any similar certificate in the case of foreign-based organisations
- Certification of being a public interest association (*Asociación declarada de Utilidad Pública*), when available
- Stamps or certifications issued by organisations such as Fundación Lealtad (“recognised NGO”, “ONG Acreditada”), Coordinadora ONGD-España (“assessed NGO”, “ONGD evaluada”), Istituto Italiano della Donazione IID (for Italian NGOs), or by other international organisations that are members of ICFO (International Committee on Fundraising Organizations)
- Audited financial report from the past two financial years
- Activity report from the past two financial years
- Corporate income tax from the past two financial years
- Updated certificate verifying being up-to-date with tax obligations
- Updated certificate verifying being up-to-date with labour obligations, in the event that the organisation has hired employees

Verification of the identity of the fund contributors > 100 euros free of charge

The Foundation's is financed exclusively by contributions made by the Group companies, as established every year by the individual boards of directors, up to a total maximum of 1% of the consolidated net profit of the entire Group.

The Spanish companies in the Group are regulated by the following basic legislation on the prevention of money laundering and the financing of terrorism:

- Spanish Law 10/2010 of 28 April on the prevention of money laundering and the financing of terrorism (Law 10/2010).
- Spanish Law 19/2003 of 4 July on the legal framework regulating the movement of capital and economic transactions abroad.
- Articles 301, 576 and 576 bis of the Spanish Criminal Code (*Código Penal*), which regulate the offences of money laundering and financing of terrorism of money laundering and financing of terrorism.
- Spanish Royal Decree 304/2014 of 5 May approving the provisions in Law 10/2010 of 28 April on the prevention of money laundering.
- Spanish Royal Decree 1080/1991 of 5 July specifying the countries or territories referred to in article 2, paragraph 3, number 4, of Law 17/1991 of 27 May on urgent fiscal measures, and article 62 of Law 31/1990 of 27 December on the general state budgets for 1991.
- Spanish Order ECO/2652/2002 of 24 October, which outlines the obligation of communicating operations relating to specific countries to the Executive Service of the Commission for the Prevention of Money Laundering and Monetary Infractions (*Servicio Ejecutivo de la Comisión de Prevención del Blanqueo de Capitales e Infracciones Monetarias*).

Likewise, the Company's financial statements are audited by external experts; furthermore, the Company incorporates a surveillance body whose main function is to ensure the effectiveness of the control/prevention system of the offences defined in the Spanish Criminal Code in relation to the Company's business structure.

The Chilean companies in the Group are regulated by the following basic legislation on the prevention of money laundering and the financing of terrorism:

- Chilean Law 19.913, published in the Official Gazette on 18 December 2003, established the Financial Analysis Unit (*Unidad de Análisis Financiero*, FAU) and modified various provisions on asset laundering.
- Chilean Law 20.119 of August 31 2006, which amends Law 19.913, broadens the range of entities which must report suspicious money laundering operations to the FAU and establishes administrative sanctions based on the severity and the repetition of the findings.
- On February 18 2015, Chilean Law 20.818 was published in the Official Gazette, which hones the mechanisms of prevention, detection, control, investigation and trial of asset laundering offences, thereby introducing important modifications to Law 19.913.

The Italian companies in the Group are regulated by the following basic legislation on the prevention of money laundering and the financing of terrorism:

Italian Legislative Decree 231/07 and Legislative Decree 109/07, modified by Legislative Decree 90/2017; Ivass Regulation no. 44/2019.

Other applicable measures

Without prejudice to the provisions outlined in article 39 of Spanish Law 10/2010 of 28 April and the obligations applicable to it in accordance with its specific legislation, the Foundation applies the following measures:

Ensure the eligibility of members in governing bodies and other positions of responsibility

The Foundation is administered by a board of trustees composed by the participating companies in the Group. In turn, these designate a natural person to represent them. The Board of Trustees is the highest decision-making body of the Foundation and validates the different programmes/projects.

Along with the Board of Trustees, a Committee of mediators and arbitrators verifies the coherence of the Foundation's activities with the ethical principles and sustainability objectives that guide the Group. In addition, an Operational Committee with advisory functions analyses the project proposals and the annual programme presented to the Board of Trustees.

The Board of Trustees of the Foundation is composed by representatives of the following Group companies:

Group companies	Representing the Company
Reale Mutua Assicurazioni S.p.A.	Ing. Luigi Lana (President of the Board of Trustees)
Blue Assistance S.p.A.	Dr. Luca Filippone (Vice President of the Board of Trustees)
Reale Seguros Generales S.A.	Dr. Ignacio Mariscal (Deputy Trustee)
Italiana Assicurazioni S.p.A.	Dr. Roberto Laganà
Reale Immobili S.p.A.	Arch. Alberto Ramella
Banca Reale S.p.A.	Dr. Massimo Luvìe
Reale Vida y Pensiones S.A.	Dr. José Ramón López

The Trustees of the Foundation must meet the following requirements:

- Professional qualification: university degree, or five years' experience in management, control or advisory functions in financial entities subject to the mandate and supervision of the Public Administration; or functions of similar responsibility in other public or private entities of similar size and requirements to those of the Company.

- Personal and professional reputation:
 - ✓ Not disqualified under Spanish Insolvency Law (*Ley Concursal*) until the disqualification period has expired.
 - ✓ Not disqualified from holding public office or positions in the administration or management of financial or insurance entities.
 - ✓ No criminal record for intentional offences, in Spain or abroad, or for serious negligence.
 - ✓ Personal track record of respect for commercial laws and others that regulate the economic and business activity, as well as good commercial, financial and insurance practices.
- Independence: not involved in accusations of incompatibility, incapacity or prohibition in accordance with the law.

Awareness of the partners involved: track record and professional reputation of the people responsible for its management

In addition to the identification procedure mentioned above, the Foundation draws on external sources to ensure that it is aware of its partners: these include Factiva, the Internet, the press, etc.

Control over the actual implementation of activities and enforcement of funds

The Foundation requests information/documents/certifications from the beneficiary Entities to ensure:

- the implementation of the projects;
- the existence of the expected beneficiaries;
- the receipt of funds by the beneficiaries, where appropriate;
- the fulfilment of the foreseen purchases and expenses.

The following are examples of the documentation that the Foundation can request from the beneficiary entities to ensure the fulfilment and implementation of the provided activities and funds:

- an initial report outlining the justification of the project, the project description, the objectives pursued, the activities to be performed, the implementation times, the direct and indirect beneficiaries and the amount requested for the development of said project through a dedicated budget;
- copy of the minutes of the agreement of the Board of Trustees of the Foundation approving the Foundation's Plan of Activities for that year;
- copy of the admission of the Foundation's Action Plan in the Protectorate of Foundations of the corresponding ministry;
- final project report, indicating the fulfilment of the activities, direct and indirect beneficiaries and the justification of the expenditure of the funds provided;
- economic report of the organisation receiving the funds or resources from the Foundation;
- certifications or external audits of the economic reports of the beneficiary organisations;

- legal record of the beneficiary organisation and the persons in charge of its administration;
- documents submitted to prove whether the initiative is sponsored by another entity;
- details of the project, specification of the reason and/or presentation of the initiative, objectives, target audience, general implementation characteristics and details (date, time and location) if this is an activity;
- identification of which tax regime is applied to the profits;
- documents that account for the actual utilisation of the profits;
- etc.

Store documents or records that certify the implementation of the funds in the various projects for a period of ten years

The Foundation stores documents which certify compliance with the obligations established under Spanish Law 10/2010, for a minimum period of ten years. In particular, the Foundation shall store for its own use any investigation or analysis relating to possible cases of money laundering or financing of terrorism, on behalf of the Executive Service of the Commission or any other legally competent authority:

- copy of documents required to comply with due diligence measures, for a minimum period of ten years from the termination of the business relationship or the implementation of the operation;
- original or copy with evidential value of the documents or records that adequately certify the operations, the participants in said operations and the business relations during a minimum period of ten years from the implementation of the operation or the termination of the business relation.

Inform the Executive Service of the Commission of findings that may constitute evidence of money laundering or financing of terrorism

The Foundation shall, on its own initiative, inform the Executive Service of the Commission of any finding, operation or mere attempt which, following the special examination referred to in the preceding article, indicates or proves that it is linked to money laundering or terrorist financing.

Cooperation with the Commission and its supporting bodies

In accordance with the provisions of article 21 of Spanish Law 10/2010 of 28 April, the Foundation shall provide the Commission for the Prevention of Money Laundering and Monetary Offences or its supporting bodies with any documents and information required within the stipulated period.