Corporate Responsibility Reporting Criteria 2017

January 2018

Contents

The Directors of RSA are and shall be responsible for Management's Statement and for reporting the CR data as at 07/02/2018 in accordance with the reporting criteria set out on the following pages. In doing so we have:

- designed, implemented and maintained internal controls and processes over information relevant to the measurement and preparation of CR data that is free from material misstatement, whether due to fraud or error;
- established objective reporting criteria for measuring and preparing the CR data and applied them consistently;
- presented information, including the criteria, in a manner that provides relevant, reliable, comparable and understandable information;
- measured and reported the CR data based on the reporting criteria.

William McDonnell
Group Chief Risk Officer
On behalf of RSA Insurance Group
07/02/2017

Introduction

This document outlines our approach to reporting on each of our Key Performance Indicators (KPIs) as disclosed in our Corporate Responsibility (CR) Report 2017.

General Principles

We report on those performance indicators that we have assessed as most material to our business through an assessment of both internal and external stakeholders. Please refer to the "Our Issues" section of the CR webpages.

We aim to collect data that is as accurate and complete as practically possible. Where this is not achievable, assumptions or estimations are made according to the Data estimation .

Consistent boundaries and methodologies are used wherever possible to allow comparison over time and across different businesses.

Scope and boundaries

Organisational boundary

RSA Insurance Group plc ("RSA") is a registered business in the UK with operations throughout the world. We report on our CR performance within an operational control boundary for all business processes where we can direct the financial and operating policies of with a view to gaining economic benefits from its activities. Within this boundary, we report on the performance of operations with 50 Full Time Equivalent (FTE) employees or more in any reporting year since our 2015 baseline. A full list of the sites included within our organizational boundary can be found in Appendix 1.

Significant changes in the operational footprint of the business since 2015 has seen a few offices divested, as detailed below.

Office Location	FTE	Date of closure/sale
China		
Hong Kong		
India (Non-GCC)		
Singapore		
Italy		
Argentina	632	29/04/2016
Brazil	306	29/02/2016
Chile	450	29/04/2016
Colombia	180	31/03/2016

Mexico	371	31/05/2016
Uruguay	107	30/06/2016
Russia	226	29/01/2016
Quality Repair Centres (QRC)	329	Q1 2017

Table 1: List of offices that have closed in the reporting period

To take these changes into consideration, we report our CR data as follows:

Environmental Data: Where an operation (country or office) falls in scope and has been exited by closure, environmental data will be included in the Group footprint up to the point of closure. If a site has been sold and is not material to the Group in the year of the sale, but remains in operation, just no longer within RSA's operational control; we will exclude all environmental data in all years. This is to remove the impact of emissions reductions achieved by selling part of our business to a third party, and ensures information disclosed allows for a fair comparison of environmental performance year on year.

Community data: Where an operation (country or office) falls in scope and has been exited by sale or closure, community data will be excluded in the Group total for the full year, regardless of when operational control was relinquished.

Reporting period

All the figures in our report cover a 12-month period which corresponds to our financial year that is 1st January – 31st December 2017.

The process of measuring and reporting on our CR performance is detailed in our Community and Charity Policy and Environmental Policy which are applicable to all operations.

Our Targets and KPIs

Following a review of our targets in 2016, we updated them and our 2017 CR Report reports performance against these new targets. A description of these targets and KPIs are detailed under each section in the following pages.

Safe, secure world

Target	KPIs
Run at least one safety campaign every year in each core region we operate in.	**KPI 1:** Number of safety campaigns run each year in each core region. **KPI 2:** Number of people reached by each campaign.

KPI 1: Number of safety campaigns run each year in each core region.

We define a safety campaign as any external or internal event or events organised and funded by RSA Group Companies for members of the public or RSA employees to promote safety in our everyday lives.

A campaign does not need to be a sustained programme, a one-off activity can constitute a campaign. A campaign does not have to be concurrent; events, interventions and communications during the reporting period can constitute a safety campaign.

Evidence will include photos from events, press coverage and internal communications. Details on campaigns are collated annually for the reporting period, coordinated through the Group CR team. We rely on the CR Representatives in each country to inform us of activities in this area and as such there may be activities taking place that are not reported to us.

KPI 2: Number of people reached by each campaign.

Where possible, we will collect information on the number of people impacted by the campaign. For example, number of attendees at an event, number of hits on a website, readership of newspaper that a campaign has been published in.

Thriving communities

Target	KPIs
Run a community programme in each core region we operate in that engages and develops our people, supports our local communities and makes a difference for our customers.	**KPI 1:** Amount of community investment, including: • Charitable spend • Value of volunteering hours (and number of volunteering opportunities/hours)

> • Amount of employee funds raised for charity
> **KPI 2:** % of volunteering opportunities supporting
> employability skills or social enterprise.

KPI 1: Amount of community investment (£ sterling)

Community investment includes direct financial support to registered charities, but can also include schools and universities and organisations with a charitable purpose, the value of our volunteering hours and employee raised funds.

1. **Our financial support includes the following:**

- **Community spend:** donations to support longer-term charitable partnerships or to support our CR focus areas of education, employability and social enterprise. For example, a donation to our partner charity School for Social Entrepreneurs or to support an employability skills workshop.
- **One-off spend:** one-off ad hoc donations made in response to a specific need or request for support. For example, donations to match the fundraising efforts of staff, to support their volunteering activities or donations to emergency appeals.
- **Commercial activity spend:** activity that is linked to our business and promotes the RSA brands or a product in partnership with a charity. For example, sponsorship of an event or payments to a charity based on the number of policies sold.

The Group CR team and CR Representatives keep their own records of financial support to charities. At year end, financial reports are run in each country to cross check the financial support to charities. A final list of spend is reviewed in each country and submitted to the Group CR team.

The Group CR team review all data centrally, supported by the CR updates from the CR Representatives. The Group CR team collate a final report which is reviewed by the Group Audit Committee.

We rely on the CR Representatives in each country to inform us of financial support and as such there may be payments that are not reported to us.

RSA use the Charities Aid Foundation (CAF) for all payroll giving. RSA provides CAF with an annual donation which is then donated directly to charities by CAF. The total annual donation to CAF may not all be spent in the year in which it was donated.

2. **Value of volunteering hours (£ sterling) (and number of volunteering hours)**

RSA encourages our people to volunteer and provides up to 2 days volunteering leave per year. We therefore report on the number of hours volunteered to support charitable and community activity during work hours and the value of that volunteering time to our business (based on the average hourly pay within each country that the volunteering took place).

The CR teams and CR Representatives keep lists of volunteers and hours volunteered for each activity and report to the Group CR team on an annual basis. The Group CR team review all data centrally, supported by the quarterly CR updates provided by the CR Representatives, to provide a better understanding of the volunteering opportunities. Volunteering data is collected for all individuals working for RSA during the reporting period.

We rely on the CR Representatives in each country to inform us of volunteering undertaken and as such there may be volunteering opportunities/hours that are not reported to us.

3. **Employee funds raised for charity (£ sterling)**

Employee raised includes RSA matched funding where scheme exists.

RSA reports on the amount of money our people raise for charities and good causes each year.

The data collected includes all money raised by our people that meet one or more of the following criteria:
- The individual/team raising the money has been supported by RSA with matched funding[1]

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[1] Where our people have raised money as part of a team not made up of other RSA employees (individual claim) or where they have raised money as part of a team not made up of RSA employees (team claim), we will only include the amount raised which we have matched (£ for £ up to £200 for an individual and £500 for a team).

- The individual/team raising the money has been supported by RSA to take part in the fundraising activity (e.g. their place in a sponsored run has been funded by RSA)
- The individual/team is raising the money for a partner charity of RSA
- The fundraising activity is organised/supported by a group of RSA colleagues
- The fundraising activity has taken place during work time.

The CR teams and CR Representatives record the amount of employee funds raised for charity and report to the Group CR team on an annual basis. The Group CR team review all data centrally, supported by the quarterly CR updates provided by the CR Representatives, to provide a better understanding of the fundraising activities.

The majority of employee funds raised for charity has in the past taken place in the UK and further controls are in place; data is collected from each office and checked against the matched funding records to ensure that there is no double counting.

Clear guidance for data collection and reporting is given to CR Representatives with the Group Community and Charity Policy.

At RSA we are keen to support the fundraising efforts of our people and encourage them to support the causes close to their hearts. We provide matched funding, and in the UK we provide opportunities for them to share details of their fundraising activities through Yammer (an in-house social media site).

KPI 2: The percentage of our volunteering opportunities supporting employability skills or social enterprise
RSA reports on the number of volunteering opportunities (some individuals may have taken part in more than one activity) each year and in addition we report on the percentage of these opportunities that are supporting our CR focus areas of education and employability and social enterprise. We are keen to increase our skill sharing volunteering opportunities, so will be reporting on this development.

The CR teams and CR Representatives keep lists of volunteering opportunities and organisations supported and report to the Group CR team on an annual basis. The Group CR team review all data centrally, supported by the quarterly CR updates provided by the CR Representatives, to record those that are supporting employability skills and social enterprise. Volunteering data is collected for all individuals working for RSA during the reporting period.

We rely on the CR Representatives in each country to inform us of volunteering undertaken and as such there may be volunteering opportunities/hours that are not reported to us.

Donations: This includes any direct financial support to registered charities including:

- Community spend: This is a longer-term investment in a project delivered by a charity or community group. Typically the project would last one year or more and would be delivering specified outputs and outcomes in the local community, e.g. a three year partnership with a local charity aiming to improve the education of local children.

- One-off spend: This is a short-term investment for a very specific need, for example, responding to an emergency appeal from a charity for a disaster, new roof for their building or a piece of equipment. This would not be a 'partnership', simply a donation to a local organisation where there is no long-term relationship.

- Commercial activity spend: This is an investment in an activity that promotes the RSA brand, a product or service in partnership with a charitable organisation, for example, cause related marketing.

Employee Raised Donations: The data collected includes all money raised as part of company or staff-led activities. If an employee has applied for matched-funding, this can be considered as company-led activity.

This excludes any donations staff make through Payroll giving.

Employee raised includes RSA matched funding where scheme exists.

Example: UK Sunderland offices employees run a fundraising event for MacMillan Cancer support. They raise £650. Match funding is applied for and the maximum of £500 is awarded. The total amount reported is therefore £1,150.

The data collected includes all money raised by our people that meet one or more of the following criteria:
- The individual/team raising the money has been supported by RSA with matched funding[2]

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[2] Where our people have raised money as part of a team not made up of other RSA employees (individual claim) or where they have raised money as part of a team not made up of RSA employees (team claim), we will only include the amount raised which we have matched (£ for £ up to £200 for an individual and £500 for a team).

- The individual/team raising the money has been supported by RSA to take part in the fundraising activity (e.g. their place in a sponsored run has been funded by RSA)
- The individual/team is raising the money for a partner charity of RSA
- The fundraising activity is organised/supported by a group of RSA colleagues
- The fundraising activity has taken place during work time.

Volunteering: This includes the number of hours volunteered to support charitable and community activity during work hours and the value of that volunteering time to our business (based on the average hourly pay within each country that the volunteering took place).

Time volunteered by RSA employees during work hours to support a charitable or community activity includes:

- Time away from day-job to support a charity with a task (e.g. gardening, fence building, woodland management, beach clean-up);
- Time away from day-job to share skills with local community (e.g. reading at a school, conducting an employability workshop, mentoring).

Volunteering hours do not include preparation, set-up of a charitable activity or time spent fundraising – this is already quantified in terms of the amount of money raised in employee raised donations.

All volunteering must be approved by line managers and business impact must be managed accordingly.

Gifts in Kind: This includes non-financial donations made by RSA employees or RSA Group to a registered charity (e.g. clothes, IT equipment, catering equipment, books, pencils, food and toys). The value of the donation is calculated by understanding how much the charity would pay for the item if they were to buy the same item second-hand from the open market.

Sustainable future

Targets	KPI
As we've met our 2018 target of reducing our carbon emissions by 12% per employee from a 2015 baseline. We aim to reduce our emissions by a further 4% from 2016 to 2017.	**KPI 1:** Tonnes of carbon dioxide equivalent presented as both actual emissions (tCO2e) and emissions per employee (tCO2e/FTE).
Deliver at least one awareness/support campaign each year in each core region we operate to support our customers adapt to climate change and reduce their greenhouse gas emissions.	**KPI 2:** Number of awareness/support campaigns.

KPI 1: Tonnes of carbon dioxide equivalent presented as both actual (tCO2e) and per employee (tCO2e/FTE)
We measure our environmental performance using a carbon footprint, including Scope 1, 2 and 3 emissions.

Scope 1 includes emissions from RSA owned sources that are controlled by us, including natural gas consumption, diesel, liquid petroleum gas and company owned vehicles.
Scope 2 includes emissions from the generation of purchased electricity, heating and steam and chilled water purchased from non-owned sources.
Scope 3 includes all other emissions from non-owned sources that are related to RSA activities, including business travel, waste, and water and paper consumption. Business travel includes air, rail, hire cars, taxis, hotel nights and mileage from private cars used for business where data is available. Travel is recorded as kilometre (km) or miles travelled by a passenger and converted into CO2e.

Air and rail travel data is collated from the central booking system managed by a third party supplier. Where countries do not have access to this system, flight and rail details are supplied directly from those travel agents or teams managing travel within the local organisation. Kilometres measured from car usage is collated via expenses systems within each business/country which reimburses employees on a cost per km travelled basis. Employees are encouraged to claim expenses in the month that the spend was incurred, however in some cases expenses are claimed a few months after the incurred spend. Therefore in some instances, expenses from 2016 may be included in the 2017 carbon footprint. Kilometres travelled combined with details of the vehicle type (diesel, petrol, alternative fuel) are used to convert data into CO2e. Where km data is not available, estimates are made using total spend on or litres of fuel.

During the 2017 reporting period, we transitioned away from 'Our Impacts' to a new platform; Envizi. The transition was completed on the 16th of November, following transition and reconciliation of 2016, and the first half of 2017 numbers. Aggregate level checks were conducted on 2016 data to ensure consistency between the platforms.

The Envizi software is used to collect, measure, calculate and store all emissions data from raw value data detailed above. Data is entered with custom start and end dates, allowing our data owners to enter data in line with how it's received. We aim to collect as much data as possible throughout the reporting year, though certain items can only be collected in retrospect for the year. These are detailed in the table below;

Custom intervals	
By Country	Company owned vehicles
By site/office	Natural Gas/Electricity/District heating

Annual (in Retrospect)	
By Country	Business travel
	Paper
By site/office	Waste
	Water

Table 2: Frequency of environmental data reporting

Within each country, there is a CR Representative responsible for collecting and entering this data. The full list of sites is shown in Appendix 1.

For each data value entered, evidence of the source of information is also uploaded on the system. Evidence includes invoices, supplier reports, expenses systems and travel agency data. Where evidence is unavailable or the office is in a multi-tenanted building, an explanation for the reason why there is no evidence is provided.

Employee or headcount data is measured in Full Time Equivalent (FTE). One FTE is equivalent to one employee working full time. This data along with floor space numbers are collated on *Envizi*. This data is used to normalise our carbon footprint and enable us to report against our target. This data is also used, where required, for estimations. FTE data is inputted into Envizi by the CR Representatives in each country as when updates are identified. The CR Representatives obtain the FTE figures from the Facility Managers at each site or from the Human Resources team. If recent updates are unavailable, FTE data is assumed to remain approximately the same since the previous update. Average FTE is used for estimations and to report progress against our target.

Envizi converts data into a carbon footprint with consideration to the World Business Council for Sustainable Development and World Resources Institute's (WBCSD/WRI) Greenhouse Gas Protocol; a Corporate Accounting Standard, together with the latest emissions factors from recognised public sources. These include, but are not limited to, the Department for Environment, Food and Rural Affairs (Defra), the International Energy Agency, the US Energy Information Association, the US Environmental Protection Agency and the Intergovernmental Panel on Climate Change.

Changes in KPI1 reporting in 2016 and 2017
The emissions for 2015 - 2017 have been calculated using a different organisational scope to previous years, reporting all sources of emissions from operations with 50 or more full time equivalent (FTE) employees. In previous years, emissions from offices with less than 50 employees were estimated, but these have been removed from the scope. In order to demonstrate a fair comparison between data year on year, any site that has recorded more than 50 FTEs in any reporting year since our 2015 baseline, has been considered in all years.

Additionally, RSA has divested certain businesses previously within our operational control. Namely, Latin America and the sale of our Quality Repair Centres (QRCs) (accident repair garages). This process is in accordance with GHG protocol guidelines, and to present a fair year on year comparison, associated data has been removed from numbers previously disclosed and the present reporting year.

KPI 2: Number of awareness/support campaigns.
We define an awareness/support campaign as any external event or events organised and funded by RSA Group Companies for members of the public and RSA customers to encourage sustainable lifestyles and to promote resilience to extreme weather events.

A campaign does not need to be a sustained programme, a one-off activity can constitute a campaign. A campaign does not have to be concurrent; events, interventions and communications during the reporting period can constitute an awareness/support campaign.

Evidence will include marketing material, webpages and internal communications (if applicable). Details on campaigns are collated annually for the reporting period, coordinated through the Group CR team. We rely on the CR Representatives in each country to inform us of activities in this area and as such there may be activities taking place that are not reported to us.

Quality Assurance of data

Once data has been entered into *Envizi*, a Quality Assurance (QA) process is carried out as described below.

STEP 1: Data Entry process

- CR Representatives enter consumption data value into relevant fields on *Envizi*
- CR Representatives receive invoices or emails from landlords with consumption data of each office.
    - Many of our offices are in multi-tenanted buildings where the landlord proportions the energy, water, waste consumption for each tenant. In these cases, it is almost impossible to get invoices. Some landlords provide a summary of environmental performance and others tie these costs into the monthly rental charges.
- With each data value, evidence of the source of the value is uploaded. Evidence includes:
    - PDFs or scans of supplier invoices
    - Emails clearly from a third party supplier / landlord / building managers detailing data values and periods
    - Excel versions of supplier reports accompanied by a PDF or EML copy of the supplier's email showing the file as an attachment
    - Spreadsheets showing meter readings from site manager or facility manager, where the spreadsheet will be accompanied by an EML copy of the site manager's email.
    - Scanned copies of the supplier invoice / report, or the third party email detailing the total building consumption values
    - An excel spreadsheet showing the apportionment calculations or an explanation of the calculations within the comments section
    - An excel spreadsheet showing the extrapolation of the data to cover the entire site or assessment period, or an explanation of the calculations within the comments section
- Comments on the evidence provided and how the data has been collected are added.
- Once the CR Representative has completed entering all their data, they save the data. This means that the data is ready for QA.

STEP 2: Data Quality and supporting evidence check

- Each quarter, there is a deadline for data entry. In 2017, an initial check was done on Q1 and Q2 data entered onto *Our Impacts* and then again on data uploaded onto *Envizi* to determine:
    - Sites with missing data
    - Sites with missing evidence

- Missing data is requested from the CR Representatives.
- Where sites have data and evidence, each data value is checked against the evidence provided to make sure that they match.
    - If data values are significantly higher/lower than previous years, queries are sent to the CR Representative.
    - If data values do not match the evidence, queries are sent to the CR Representative.
- Once data values match evidence and most queries have been dealt with for a site, the Group CR team informs our support team that the site is ready for a high-level check.

STEP 3: QA Process

- We conduct a high-level comparison of data values against previously reported values.
- Where data values differ significantly from previous values a more in-depth check is performed to reconcile data with the uploaded evidence.
- Queries are initially sent to the Group CR team for explanations and then directed to CR Representatives if need be.
- Data is either amended as per query or a comment is provided to explain the anomaly.

Data estimation hierarchy

Following our QA process, data is handed to our third-party consultants; Carbon Clear. They are responsible for conducting completion checks and, where necessary, conducting estimations. Carbon Clear estimate data per the following hierarchy of preference. Missing consumption values are calculated for sites according to the following hierarchy of preference.

1. **Accrue actual data** - In most instances, Q4 data was unavailable in time for yearend reporting. Envizi automatically estimates missing temporal information by multiplying typical consumption to date per day,

multiplied by the missing number of days. Missing data where actual data has been available in prior periods has also been estimated in this fashion.

2. **Extrapolate data:** Where we know data to be relevant, yet unattainable (e.g. electricity consumption in buildings where RSA receives an occupancy charge only) we extrapolate consumption. To do this, we determine an intensity per m2 or FTE at sites in a similar location and multiply expected consumption by the corresponding benchmark on site. The benchmark used (m2 or FTE) is dependent on the performance metric. We will prioritise the use of floor area to estimate onsite electricity and thermal energy, whereas we prioritise the use of FTEs to estimate missing travel mileage and water consumption. If the preferred data is unavailable, we will use the alternative of the two benchmarks.

3. **Accrue Extrapolations**: If there is insufficient actual data coverage in any given period (e.g. Q4 2017), extrapolations cannot occur. If this is the case, Envizi will automatically estimate for periods of missing data in a similar manner to part 1; determining a typical extrapolated consumption rate per day for the site, and multiplying by the number of missing days.

END

APPENDIX 1: ORGANISATIONAL SCOPE

Country		Office locations	2016 FTE	2017 FTE	Reason for variance
UK and International	**RSA AR**	QRC RSA Hardgate Road - Glasgow	52	52	Sold Q1 2017
		QRC RSA Triumph Close - Leeds	63	63	Sold Q1 2017
		QRC RSA Bentley Road - Walsall	86	100	Sold Q1 2017
	RSA UK	Birmingham	335	45	Relocation into new office
		Chelmsford	221	221	
		Chipping Norton	56	56	
		Fenchurch Street	787	787	
		Glasgow	388	388	
		Halifax	690	690	
		Horsham	917	917	
		Liverpool	1434	1,434	
		Manchester	761	761	
		Peterborough	575	575	
		Sunderland	461	464	
	RSA India (GCC)	India	62	68	
	Ireland	RSA House Dublin (DUNDRUM)	349	291	Reduction in staff numbers
		123.ie, Galway	271	201	Restructuring within the office
		Belfast	87	73	Reduction in staff numbers
		Knocknacarra		148	New location as Ballybrit and Liosban offices have merged to this new location
	Western Europe	France	76	76	
		Netherlands	54	54	
		Spain	58	61	
	Middle East	Oman, Ruwi	125	112	
		Saudi Arabia, Riyadh	73	104	Increased centralisation from smaller offices to the Riyadh office
		UAE, Dubai	181	181	
Canada	**RSA**	RSA Canada - Calgary (Western Office)	145	100	More efficient processes and centralisation to Sheridan office
		RSA Canada - CNS Vancouver	133	98	Closure of a number of business lines
		RSA Canada - Dartmouth (Atlantic Office)	160	160	
		RSA Canada - FCP	117	217	Has replaced GCAN University
		RSA Canada - Head Office (York)	600	572	
		RSA Canada - Montreal (McGill College Ave)	158	141	
		RSA Canada - RTI Sherbrooke	96	65	

		(RSA Travel)			
		RSA Canada - Sheridan	538	686	Increased centralisation. Number of business lines have now moved to Sheridan.
		RSA Canada - UC Quebec City Office	167	114	
Canada - Johnson	Johnson	Corporate Head Office (Fort William Building)	422	593	Increased centralisation, number of business lines have moved to the head office
		Richmond Hill	274	274	Increased centralisation
		Edmonton	128	79	Increased centralisation
		Halifax (CA)	83	0	Closed in June 2016, moved to Dartmouth (Atlantic Office)
Scandi	Denmark	Denmark Codanhus	985	856	Reduction in FTE
		Denmark Aarhus	107	108	
	Sweden	Sweden Stockholm HQ	605	482	Internal reorganisation and reduction in FTE
		Sweden Malmo (M10)	206	222	Internal reorganisation
		Sweden Malmo (M12)	178	194	Internal reorganisation
		Sweden Vaxjo	166	159	
		Sweden Sundsvall	117	115	
		Sweden Gotenburg	61	50	
		Sweden Umeaa (D.19)	75	78	
		Sweden Umeaa (K.16)	75	78	
	Norway	Norway Codan Oslo	241	350	
Office Closures	Hong Kong		145	0	01/04/2015
	Singapore		165	0	01/04/2015
	China		86	0	21/05/2015
	India		982	0	20/07/2015
	Italy		293	0	31/12/2015
	Russia	Moscow	226	0	29/01/2016
	Brazil	São Paulo	306	0	29/02/2016
	Colombia	Bogotá (Main Office & Branch)	180	0	31/03/2016
	Argentina	Capital Federal, Buenos Aires	632	0	29/04/2016
	Chile	Santiago Main Office	450	0	29/04/2016
	Mexico	Mexico City	371	0	31/05/2016
	Uruguay	Montevideo	107	0	30/06/2016
TOTAL				13,714	

Data notes: FTE figures reported in this table are average FTE figures from Q1-Q4 2017