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# Climate change and environmental Policy

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Grupo Catalana Occidente

## Description of the document

<b>Title</b>	Climate change and environmental policy
<b>Description of the document</b>	<p>The purpose of this document is to describe the Climate Change and Environmental Policy of Grupo Catalana Occidente, S.A. and the Entities that comprise it (hereinafter, indistinctly, the “Group” or “GCO”).</p> <p>This Policy also aims to respond to an increasingly demanding European and national regulatory framework, which includes, among others, the United Nations 2030 Agenda, the Paris Agreement of the United Nations Framework Convention on Climate Change, the European Green Pact, the European Decarbonisation Strategy for 2050, Law 7/2021, of 20 May, on climate change and energy transition, Regulation on sustainability-related disclosures (SFDR) and Taxonomy Regulation.</p> <p>Finally, this Policy shall serve to strengthen the Group's commitment materialised in its Sustainability Master Plan and in its voluntary adherence to the main international initiatives such as the Principles of the United Nations Global Compact, the United Nations Principles for Responsible Investment (PRI), the Principles for Sustainable Insurance (PSI) and the Sustainable Development Goals (SDGs).</p> <p>This policy forms part of the set of policies that make up the Group's governance system.</p>
<b>Party responsible</b>	Financial Management
<b>Frequency of revision</b>	Annual, except when circumstances arise that make it advisable to carry out this review earlier.

## Version Control

Version	Carried out by	Validated by	Approved by
1.0	Financial Management	Steering Committee	Board of Directors
	Date: December 2020	Date: January 2021	Date: January 2021
2.0	Financial Management	Steering Committee	Board of Directors
	Date: October 2021	Date: November 2021	Date: November 2021
3.0	Financial Management	Steering Committee	Board of Directors
	Date: October 2022	Date: November 2022	Date: November 2022
4.0	Financial Management	Steering Committee	Board of Directors
	Date: October 2023	Date: November 2023	Date: November 2023
5.0	Financial Management	Steering Committee	Board of Directors
	Date: October 2024	Date: November 2024	Date: November 2024

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### Disclaimer

This policy is a translation of its original version in Spanish. In case of discrepancy between both versions, the Spanish version will prevail.

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## Summary

<b>1. General provisions</b> .....	<b>5</b>
1.1. Objectives .....	5
1.2. Scope of application.....	5
1.3. Policy governance .....	5
1.4. Communication of this policy.....	6
<b>2. Action framework</b> .....	<b>6</b>
<b>3. Commitments</b> .....	<b>7</b>
3.1. Environmental management .....	7
3.2. Products and services .....	8
3.3. Risk management.....	8
3.4. Transparency .....	9

## 1. General provisions

The Financial Directorate of Grupo Catalana Occidente, S.A. (hereinafter, indistinctly, the “Group” or “GCO”) is responsible for this Policy and for its updating and review. This Policy has been approved by the Board of Directors of Grupo Catalana Occidente, S.A., and subsequently, the Group’s Individual Entities have adhered to it, by means of the corresponding agreement by each of the corporate bodies. The content of the Policy must be reviewed annually, unless circumstances arise that make it advisable to review it in a shorter period. The aforementioned review shall be carried out by the person responsible for the Policy and shall include any modifications that should be incorporated. For the purposes of this review, the party responsible for the Policy shall prepare a report that shall be submitted to the Board of Directors to validate the modifications suggested therein, approving the modification of the Policy in the sense established by the Board of Directors.

### 1.1. Objectives

The purpose of this Policy is to establish the principles, criteria and commitments to be taken into account by GCO in its management in order to contribute to the protection of the environment and the mitigation of the effects of climate change in the exercise of its activity.

This document is based on the Sustainability Policy that develops GCO's commitment to the creation of sustainable social value for stakeholders, with the prevention and mitigation of the effects of climate change and the possible environmental impacts of its activity.

This Policy is elaborated with the firm purpose of setting out the commitments in terms of climate change and environment of GCO and shall constitute the framework of action for its management, consideration in the processes of risk management and product design as well as in the accountability to respond to the obligations arising from Law 11/2018 of 28 December, on non-financial information and diversity and Law 7/2021, of 20 May, on climate change and energy transition, or any other regulation that develop or replace them in compliance with the current Sustainability Master Plan of the Group.

### 1.2. Scope of application

This Policy applies to GCO, as well as to the Entities that comprise it.

Notwithstanding the foregoing, those Group’s Entities that, due to their speciality or for any other reason, need to adapt this Policy to their specific circumstances, may approve an individual policy with the same purpose as this one, respecting its general framework.

### 1.3. Policy governance

The Board of Directors of Grupo Catalana Occidente, S.A., shall be responsible for this Policy, and must approve any changes or substantial reviews. It shall also monitor the effectiveness of this Policy and the commitments contained therein.

In a complementary manner, the Audit Committee has the function of supervising GCO's performance in relation to Sustainability issues, including the Sustainability Master Plan and its corresponding and pertinent updates. In turn, the Sustainability Committee shall act as

coordinator and supervisor of the different issues included in the Policy, ensuring consistency with the Group's general policies.

The Financial Management of Grupo Catalana Occidente, S.A. is responsible for the elaboration of this Policy and its annual update and review. In this task it will rely on the cooperation of the Actuarial Function and Internal Model, the Financial Investments Management, the Operational General Management and the Legal-Corporate General Management.

The content of this Policy must be reviewed by the GCO Sustainability Committee with an annual periodicity, when circumstances arise that make such a review advisable in a shorter period.

The reviews to this Policy shall be approved by the Board of Directors of Grupo Catalana Occidente, S.A. at the proposal of the GCO Sustainability Committee, and the other Group's Entities described in the "Scope of application" section shall be informed of such reviews.

#### **1.4. Communication of this policy**

This policy will be subject to internal and external communication. The following communication process is defined:

- Once the Board of Directors of Grupo Catalana Occidente, S.A. has approved the policy or any of its subsequent modifications, the Investor Relations, Rating and Sustainability Unit of GCO shall be in charge of circulating it together with the rest of the Group's Sustainability Policies.
- The Policy shall be published on the Intranet Portals of the Group's Entities so that the entire organisation is aware of it.
- Externally, the Policy shall be published on the corporate website of GCO, in the Sustainability section.

## **2. Action framework**

The Group's position in the fight against climate change and mitigating the environmental impact of its activity is mainly based on the following good practices and national and international standards:

- Sustainable Development Goals (SDGs) and the United Nations Agenda 2030. Specifically, the activity carried out by GCO and the work developed from Occident and Mémora Foundations are aimed at contributing to the following SDGs:
  - Goal 1: No poverty
  - Goal 3: Good health and well-being
  - Goal 4: Quality education
  - Goal 5: Gender equality
  - Goal 8: Decent work and economic growth
  - Goal 10: Reduced inequalities
  - Goal 11: Sustainable cities and communities
  - Goal 13: Climate action
  - Goal 16: Peace, justice and strong institutions
  - Goal 17: Partnerships for the Goals

- Paris Agreement of the United Nations Framework Convention on Climate Change, which aims to keep the global average global temperature increase well below 2°C, and to continue efforts to limit this temperature increase to 1.5°C above pre-industrial levels.
- Directive 2004/35/EC of the European Parliament and of the Council on environmental liability with regard to the prevention and remedying of environmental damage.
- Recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) to promote company transparency on climate change risks and opportunities.
- European Green Pact and European decarbonisation strategy to 2050.
- Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (the Taxonomy Regulation).
- Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability disclosures in the financial services sector (the Sustainability and Non-Financial Disclosures Regulation or SFDR).
- Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) n° 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU as regards sustainability reporting by companies (CSRD) in accordance with its transposition regulations.
- Directive (EU) 2024/1760 of the European Parliament and of the Council of 13 June 2024 on due diligence by companies in matters of sustainability and amending Directive (EU) 2019/1937 and the Regulation (EU) 2023/2859 (CSDDD Directive), in accordance with its transposition regulations.
- Law 7/2021, of 20 May, on climate change and energy transition.
- Organisation for Economic Co-operation and Development (OECD) Sustainability Guidelines for multinational companies.

The Group is also a member of leading initiatives and organisations that seek solutions aimed at promoting sustainability:

- Principles of the United Nations Global Compact.
- United Nations Principles for Responsible Investment (PRI).
- Principles for Sustainable Insurance (PSI).

## 3. Commitments

In order to contribute to the protection of the environment and the reduction of the effects of climate change, GCO assumes the following commitments:

### 3.1. Environmental management

GCO recognises the effects of its activity on the local, national, and global environment. Therefore, it is committed to a process of continuous improvement in environmental performance and pollution prevention and aims to address the impact of its operations on the environment and climate change by adopting the following lines of action:

- To have an environmental management system in place.
- To ensure compliance with the environmental and energy regulations applicable to its activities, as well as other commitments that the Group voluntarily subscribes to.
- To apply good environmental principles and practices in its actions.

- To encourage as far as possible the development and diffusion of environmentally friendly technologies.
- To set progressive emission reduction and offset targets to reduce the carbon footprint of the Group's activity.
- To reduce net emissions from the insurance underwriting portfolio to zero by 2050 and thereby contribute to limiting global temperature rise to 1.5°C above preindustrial levels.
- To actively promote a culture that encourages the efficient and responsible use of resources, as well as behaviours that favour such responsible use, involving all the stakeholders.
- To raise awareness of climate change and environmental issues among the Group's employees through training and awareness campaigns and encourage suppliers and contractors to adopt policies consistent with those of the Group in this area.

### **3.2. Products and services**

The challenge of climate change and the new regulatory requirements allow GCO to identify business opportunities in its activities and products. To this end, the Group undertakes to:

- Identify the different products and services that contribute to an adequate adaptation for a sustainable economy.
- Promote the development of sustainable products and services that contribute to environmental protection.
- Integrate environmental criteria into its product and service offerings, and continue to extend these criteria to other areas of its activity (investments, supply chain, etc.).
- Incorporate the physical risk arising from climate change in the risk analyses of products and services that could be materially affected by climate change, and review them regularly and incorporate them in the forward-looking risk assessment in accordance with the recommendations of national and/or European supervisors and regulators.

### **3.3. Risk management**

Aware of the growing importance of extra-financial risk management, the Group is committed, within its Risk Management System, to give special relevance to the identification of risks and opportunities related to climate change and in particular:

- Identify risks and opportunities related to climate change and include them in the Group's Risk Map.
- Analyse, to the extent these may be relevant, the impact of such risks on financial planning and adapt, if necessary, strategic planning in light of the risks identified.
- Promote the progressive implementation of metrics that help to measure and manage climate change risks and opportunities. These metrics shall be disclosed in the Group's Sustainability Report.
- Promote, to the extent that may be appropriate, the incorporation of environmental criteria in the underwriting Policy and the establishment of technical provisions.



- Report periodically to the highest level on the identification of risks and opportunities arising from climate change, as well as their impact on the organisation's business and financial planning.

### **3.4. Transparency**

GCO is committed to promoting transparency of all the above commitments and of the various actions related to the environment and climate change. Specifically:

- It shall provide public information on its adherence to the different standards and principles issued by international reference organisations.
- It shall provide public information on its environmental management, including qualitative and quantitative information on energy consumption and greenhouse gas emissions. This information shall be included in the Group's Sustainability Report.
- It shall provide information on its various sustainable products and services that contribute to the protection of the environment, as they are developed and in accordance with applicable regulations.
- In terms of risk management, GCO shall provide information on the identification and management of climate change-related risks and opportunities, in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

The Sustainability Master Plan defined by the Sustainability Committee of GCO shall detail the different actions to be carried out in accordance with the aforementioned principles, criteria and commitments approved in this Policy. To develop the Sustainability Master Plan each of the departments involved shall prepare an annual Plan.