
UNEP-FI Principles for Sustainable Insurance (PSI)

Grupo Catalana Occidente

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Introduction

In January 2020, Grupo Catalana Occidente signed up to the United Nations Environment Programme Finance Initiative (UNEP-FI) Principles for Sustainable Insurance (PSI). This decision demonstrates our commitment to observing and monitoring these principles and to the voluntary introduction of company practices aligned with them, which applies to all our companies (Seguros Catalana Occidente, Seguros Bilbao, Plus Ultra Seguros, NorteHispana Seguros and Atradius Crédito y Caución, among others).

Since 2002 we have been signed up to the Global Compact and have promoted initiatives to support the achievement of the United Nations Sustainable Development Goals (SDG) through good practices which we align with our materiality, using our activity to contribute to the ambitious challenges they set for us. Grupo Catalana Occidente has also signed up to the Principles for Responsible Investment (PRI).

We are a group with over 150 years of history, during which time we have adapted to political, social and cultural change, while preserving at all times a clear focus on sustainability and service. Our purpose is grounded in leading in the protection and long-term provision for families and businesses in Spain and in the coverage of commercial credit risks at an international level.

For Grupo Catalana Occidente, sustainability is the voluntary commitment to integrate into its strategy the risks and responsible management of economic, social and environment factors, promote ethical behaviour towards our stakeholders, rigorously apply the principles of good governance and contribute to the wellbeing of society through the creation of sustainable social value.

Social value is the result of not only focusing our activity on obtaining good financial results, but also promoting the wellbeing of the stakeholders to which the Group's entities must be answerable. This value becomes sustainable when it is integrated into the business strategy not only in the short term, but also in the medium and long term.

The verification of compliance with the regulations and our commitments in the field of sustainability is carried out in a transparent way through our corporate communication.

This Report includes the strategies, projects and milestones from the past year aligned with the four Principles for Sustainable Insurance.

Principle 1. To embed environmental, social and governance (ESG) issues in our insurance business.

The Group's strategy/project	Milestones
<p>To embed the management of ESG risks and issues in the Board of Directors, at the management and business levels.</p>	<ul style="list-style-type: none"> • The Management Committee has established a new Sustainability Committee formed by members of the senior management and chaired by the Directorate General Attached to the Chairman. It will report back to the CEO who in turn will report to the Board of Directors of Grupo Catalana Occidente. This new Committee replaces the previous one, which had been active since 2017, and has a more tactical nature. • The Sustainability Committee has consulting and decision-making duties in relation to the development of sustainability and its embedding into the Group's strategy.
<p>To identify the material aspects and establish a sustainability action plan.</p>	<ul style="list-style-type: none"> • In 2020, materiality was updated following an internal and external analysis which included the weighing of factors such as the new legal requirements, requests from analysts and investors and challenges within the sector and for the Group itself. • Material aspects of Grupo Catalana Occidente: <ul style="list-style-type: none"> ○ Customer experience. ○ Ethics and transparency. ○ Management of ESG risks. ○ Recruitment, development and retention of talent. ○ Climate change and environmental management. ○ Responsible investment. ○ Responsible or ESG products. ○ Data Protection. Cybersecurity. ○ Innovation. ○ Quality employment. ○ Health and safety. ○ Corporate governance. ○ Commitment to society. ○ Management of service providers. ○ Ethics, integrity and transparency. ○ Development of local communities. ○ Human rights.

<p>Development of responsible products.</p>	<ul style="list-style-type: none"> • Grupo Catalana Occidente has been signed up to the Principles for Responsible Investment (PRI) since January 2020. • Grupo Catalana Occidente companies sell products and provide services that are responsible: <ul style="list-style-type: none"> ○ Insurance for electric vehicles, buildings with energy certificates, photovoltaic facilities, recycling companies, etc. ○ Services provided by the Prepersa network (claims adjusters, workshops, repairers, etc.) such as the minimum assignment unit and the AutoPresto service, based on proximity to the customer to shorten distances, avoid travel and reduce vehicle use and emissions into the atmosphere, while improving efficiency and customer service. Another service is non-invasive intervention in household repairs, which reduces the harm to the environment. ○ Digital policy, a project to decrease plastics when issuing policies and in other fields. ○ Involvement for the amount of €2.27 million in the fund created by the sector to protect medical staff from COVID 19. • Active involvement in pools of insurers linked to environmental risks, nuclear risks and the impact of climate change in the agricultural insurance sector.
<p>Implementation of employment sustainability principles.</p>	<ul style="list-style-type: none"> • Grupo Catalana Occidente has multiplied its workforce in recent years due to acquiring companies (Atradius, NorteHispana, Seguros Bilbao and Plus Ultra among others), which included taking over their human capital. Job preservation has been a priority in all cases. • The Group provides stable employment for almost all of its workforce, with permanent jobs representing 97% compared to 3% accounted for by temporary employment. • Two generations currently co-exist within the Group's companies, one comprised of people with a seniority of 20 to 30 years, and another comprised by younger professionals who have joined in recent years. Collaboration between the two is key to the success of the business. • Employees receive training and sign the Group's Code of Ethics in the traditional business, and the specific one related to the credit business. Similarly, they must study topics that include money laundering, the criminal liability of legal persons, the protection of personal data, computer security, occupational health and safety and road safety advice.

Principle 2. To work together with our clients and business partners to raise awareness of ESG issues, manage risk and develop solutions.

The Group's strategy/project	Milestones						
<p>Relationship with stakeholders, especially with clients and business partners.</p>	<ul style="list-style-type: none"> The relationship with the different stakeholders involves the implementation of specific commitments based on the Group's cultural keys, which define its way of being and working: people, commitment, self-criticism, austerity, long-term vision and innovation. <p>These commitments are established in the Code of Ethics and the Corporate Responsibility Policy. Its performance is included in the 2019 Corporate Responsibility Report.</p> <table border="1" data-bbox="470 824 1390 1462"> <thead> <tr> <th data-bbox="470 824 834 898">Stakeholders</th> <th data-bbox="834 824 1390 898">Commitments</th> </tr> </thead> <tbody> <tr> <td data-bbox="470 898 834 1182">Customers</td> <td data-bbox="834 898 1390 1182"> <ul style="list-style-type: none"> Development of competitive products Personal advice Excellence in service Preserve the confidentiality of personal data <p>Communication channels: Website, social networks, customer service, satisfaction surveys and broker office.</p> </td> </tr> <tr> <td data-bbox="470 1182 834 1462">Associates and suppliers</td> <td data-bbox="834 1182 1390 1462"> <ul style="list-style-type: none"> Objectivity and impartiality in selection and recruitment Management transparency Equal treatment <p>Communication channels: Intranet, annual meetings and whistleblower channel</p> </td> </tr> </tbody> </table>	Stakeholders	Commitments	Customers	<ul style="list-style-type: none"> Development of competitive products Personal advice Excellence in service Preserve the confidentiality of personal data <p>Communication channels: Website, social networks, customer service, satisfaction surveys and broker office.</p>	Associates and suppliers	<ul style="list-style-type: none"> Objectivity and impartiality in selection and recruitment Management transparency Equal treatment <p>Communication channels: Intranet, annual meetings and whistleblower channel</p>
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<p>Customer experience project.</p>	<ul style="list-style-type: none"> A cross-cutting initiative within the traditional business, the main objective of which is to create a customer-focused culture, understanding their needs, measuring opinions during all phases of the so-called customer journey and ensuring an optimal, consistent and dependable experience regardless of the channel of contact. The actions undertaken have been classified into four blocks: commercial procedure, claims management, communications and channels, and customer experience. 						

<p>Broker satisfaction.</p>	<ul style="list-style-type: none"> • Annual measurement of the satisfaction indicators for its brokers in its traditional business companies. Through an opinion survey for exclusive agents carried out by ICEA (Spanish insurance sector studies and statistics service), the latest edition of which took place in October 2019, the Group ascertains the level of general workplace satisfaction of its agents. • According to the responses given by the Group's agents, the initiatives relating to agent development (IT tools, training, workshops, clubs, etc.), followed by sales campaigns, are what have the greatest impact on commercial activity. Training and information, the portfolio of products and services, IT support, contact personnel and services in the event of a claim are also highly rated. Sales support and customer service have room for improvement.
<p>Supplier satisfaction and ESG practices.</p>	<ul style="list-style-type: none"> • Prepersa (Peritación de seguros y prevención AIE) is the Grupo Catalana Occidente company that manages the specialised suppliers involved in resolving claims, except for the network of lawyers. Its services are aimed at assessing or repairing claims, as well as providing companies with technical information related to risks, claims and other circumstances. • Its activity is governed by the UNE-EN ISO 9001-2015 quality certificate, renewed in 2018, that guarantees that the processes are oriented towards continuous improvement and have efficient organisation for planning, control and analysis of results. • Surveys are run twice a year at Prepersa to learn associates' opinions about the company's doctors, management, and supervision of the quality of the work of the associate network. The results allow measures to be taken to improve different aspects of this activity. • The business model implemented, which has been followed for decades, favours the use of local freelance workers or small businesses. In this way, the Group contributes to the development of the business sector in the geographical areas where it operates. • Development of ESG practices such as the minimum assignment unit and the AutoPresto service, based on proximity to shorten distances, reduce vehicle use and emissions into the atmosphere, while improving efficiency and customer service. Another service is non-invasive intervention in household repairs, which reduces the harm to the environment.

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

The Group's strategy/project	Milestones
<p>Supporting national and sector initiatives on the issue of sustainability.</p>	<ul style="list-style-type: none"> • Furthermore, in Spain, the Group's entities form part of the main associations in the sector (UNESPA - Association of Insurance Companies - and ICEA - Spanish insurance sector studies service -) which have corporate responsibility programmes. UNESPA carries out a lobbying function, representing Spanish insurance companies before the public authorities. • Through UNESPA, Grupo Catalana Occidente supports the work of Finresp (Spain's Centre of Sustainable and Responsible Finance). This organisation attended the 25th Climate Summit held in Madrid in 2019 in representation of the Spanish financial sector, including the insurance sector. • Joining the EWI network, whose goal is to promote the presence of women in the management of insurance companies.
<p>Commitment to the international framework established by the United Nations and the European Union.</p>	<ul style="list-style-type: none"> • Signing up to the ten principles of the United Nations Global Compact, which involves a commitment to align the strategies and operations of the Group's companies with those universally accepted principles in four areas: human rights, labour standards, environment and corruption, as well as to report on progress every year. • Commitment to the Sustainable Development Goals (SDG), promoting aspects such as economic growth and progress, equal opportunities, quality learning, energy efficiency and caring for health and wellbeing through prevention and health and safety. It also contributes to creating sustainable communities where the companies operate through responsible production and consumption and the creation of wealth and employment, which helps to reduce inequalities and promotes peace, justice and strong institutions. • It has been signed up to the UNEP-FI Principles for sustainable insurance since January 2020. • It has been signed up to the UN Principles for responsible investment (PRI) since January 2020.

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

The Group's strategy/project	Milestones
<p>Commitment to the transparency and verification of information.</p>	<ul style="list-style-type: none"> • The main tools to report on compliance with the Principles for Sustainable Insurance included in this Report are the corporate website of Grupo Catalana Occidente and its main entity for credit insurance, Atradius. This Report will be sent to the UNEP-FI, on whose website it will also be published. • We are committed to including an update on the information on the Principles for Sustainable Insurance in the 2020 Sustainability Report, which we will produce following the GRI Standards model and which will be verified by an independent external service.