
UNEP-FI Principles for Sustainable Insurance (PSI)

Grupo Catalana Occidente (GCO)

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Introduction

In January 2020, GCO (Grupo Catalana Occidente) joined the *United Nations Environment Programme Finance Initiative (UNEP-FI) Principles for Sustainable Insurance*, (hereinafter, PSI). This adherence demonstrates its commitment to observing and monitoring these principles and the voluntary development of business practices aligned with them, in reference to all its entities (Seguros Catalana Occidente, Seguros Bilbao, Plus Ultra Seguros, NorteHispana Seguros, Atradius Crédito y Caución, among others).

GCO has also been a signatory member of the Global Compact since 2002 and promotes actions that favour the achievement of the United Nations Sustainable Development Goals (SDGs) through good practices that are aligned with its materiality, contributing with its activity to the ambitious challenges it faces. It is also a signatory to the Principles for Responsible Investment (PRI).

GCO is an insurance group with more than a 150 year-history, a time in which it has adapted to political, social and cultural changes, maintaining a clear vocation for sustainability and service at all times. Its purpose is based on leadership in the protection and long-term welfare for families and companies in Spain and on the coverage of commercial credit risks at international level.

For the Group, sustainability is the voluntary commitment to integrate risks and responsible management of economic, social and environmental issues into its strategy, to promote ethical behaviour with its stakeholders, to rigorously apply the principles of good governance and to contribute to the well-being of society through the creation of sustainable social value.

Social value is the result of focusing the Group's activity not only on obtaining good financial results, but also on favouring the welfare of the stakeholders to which the Group's entities respond. 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 the Group's regulatory compliance and commitments in the field of sustainability are transparently materialised through its corporate communication.

This report includes the strategies, projects and milestones aligned with the four Principles for Sustainability in Insurance over the last year.

Principle 1. We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.

Sustainability strategy:

GCO integrates risk management and ESG issues in the Board of Directors, at management and business level. There is a Sustainability Committee to address this, presided by the Group's Chief Executive Officer and made up of members of senior management and representatives from all areas, which has consultative and decision-making functions on the development of sustainability and its integration into the Group's strategy. This Committee meets at least twice a year, addressing the following issues, among others:

- Monitoring and analysis of the progress made in the Sustainability Master Plan during the year
- Monitoring of non-financial information for the year: Integrated and Verified Sustainability Report and Statement of Non-Financial Information
- ESG (*Environmental, Social and Governance*) analyst and rating agency reports
- Analysis and monitoring of the recommendations of the *Task Force on Climate-related Financial Disclosures* (TCFD)
- Progress on climate change strategy
- Group ESG Performance
- Analysis of the Group's contribution to the SDGs
- Sustainability Policy Review
- Monitoring and analysis of new European and national regulations on sustainability (Taxonomy Regulation, Sustainability Disclosure Regulation, Climate Change and Energy Transition Law, among others)
- Proposal and approval of the Sustainability Action Plan for the next financial year

In addition, the Group's credit insurance company (Atradius) has set up its own Sustainability Committee chaired by the CFO of Atradius and made up of managers from all the areas involved. This Committee meets every 4-6 weeks and serves as a liaison between Atradius and the GCO Sustainability Committee. Its duties include the implementation of the Group's ESG strategy at Atradius and the implementation of the sustainability goals set for the credit insurance business.

To materialize its commitment to sustainability, the Group has a 2021-2023 Sustainability Master Plan, which defines the lines of action in which the Group aims to create sustainable value and works to comply with the actions established for each financial year.

Risk management:

- The Group understands, prevents and aims to reduce ESG risks, as well as to manage the opportunities they may offer and ESG risks have therefore been integrated into the Group's risk map, with different time horizons and impacts.

- GCO has been assessing the impact that climate change risks could have on its activity. The Group's risk profile was used to estimate the impact on the Group of two opposing climate scenarios: one with a global temperature increase of no more than 2°C, and the other with an increase of more than 2°C.

Investment management:

- The Group is a signatory to the United Nations Principles for Responsible Investment (PRI) and incorporates ESG issues into its investment decision-making process and active exercise of ownership.

- The Group has a responsible investment strategy whereby it applies principles of exclusion of companies (based on negative screening by sector activity and regulatory screening) and principles of integration of companies (by sustainable theme and impact on projects aimed at achieving the SDGs). Furthermore, in line with its commitment to advance the incorporation of ESG issues in investment decision-making, the Group revised its current Responsible Investment strategy in 2022 so that, in 2023, a new Sustainable Investment strategy will take effect, incorporating new economic sectors with environmental themes in which investment will be excluded (Thermal Coal, Arctic Oil and Gas Exploration and Shale Energy), as well as a new criterion (positive screening) excluding investment in companies with poorer ESG risk management.

- Each year, the Group draws up a Sustainable Investment Plan, which specifies the investment strategy and the sustainable investment goals to be achieved for that time horizon. This Plan is available on GCO's corporate website.

Product development:

- The Group's companies market responsible products (such as insurance for electric vehicles, senior health and wellness insurance, cyber risk insurance, environmental risk insurance, etc.). In addition, a Personal Mobility product has been launched, which guarantees the user that all risks will be covered when travelling and regardless of the method of transport used (such as rental and sharing vehicles, scooters, urban bicycles, taxis, VTC or public transport). In this way, the Group contributes to alleviating the environmental and social problems of urban mobility by focusing on sustainable mobility.

- Furthermore, GCO has adapted its investment fund product offering to the Article 8 category of the Disclosure Regulation (SFDR), having received approval from the CNMV in February 2023. This way, the Group's range of investment funds explicitly incorporates environmental and/or social considerations in their management, beyond the mere integration of sustainability risks.

Claim management:

- Group companies provide responsible services. Through Prepersa (a GCO company that manages associates specialised in claims settlement: experts, workshops, repairers and lawyers) it uses the "minimum order assignment unit" criterion at Autopresto, based on always assigning customers to the nearest workshop, in order to shorten distances, avoid journeys and reduce emissions, while improving efficiency and customer service. As a novelty, in 2022 the Group's AutoPresto workshop network obtained the "CZ Sustainable Workshop Network" certification issued by Centro Zaragoza, making it the first company in Spain to have a network of vehicle repair workshops with this certification. This seal guarantees the commitment of the workshops to sustainability and certifies the development of their activity following environmental care criteria.

- Other responsible practices are also encouraged, such as repairs through "non-invasive interventions" in the home, based on the use of techniques that reduce damage to the environment. Lastly, the Group has implemented a video or remote appraisal service, which

allows remote appraisals to be carried out and thus avoids the emissions that would be caused by loss adjusters travelling to homes.

Sales and marketing:

- The Group remains committed to the digitalisation of its services, incorporating Bizum as a payment method for customers of traditional business companies, as well as continuing to promote digital policies and digital signatures to sign up for products, thereby contributing to reducing the impact on the environment. In addition, a *Whatsapp* channel has been set up to look after traditional business customers.

- GCO and its member entities clearly include in the pre-contractual documentation, the obligations of the Disclosure Regulation with regard to transparency on the integration of sustainability risks in products with a financial component and also include the individual sustainability preferences of their customers during the provision of investment advice on their products with a financial component.

Principle 2. We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.

The Group extends the dissemination of its ethical and sustainability principles to its supply chain as a key to consolidating a network of suppliers and partners consistent with corporate values.

The Group's selection of suppliers is based on objectivity, impartiality, transparency, equal treatment and quality. Furthermore, the Group tries to encourage responsible management by suppliers, including social and environmental issues among the criteria for selecting suppliers.

In addition, clauses are included in the contracts with suppliers through which the Group ensures that its suppliers comply with the same ethical and sustainability principles, as well as with the labour regulations that affect them and are up to date with their tax obligations.

All partners must respect the Group's values in order to maintain a relationship with the Group. They must therefore adhere to the Group's Code of Ethics before receiving any assignment.

In environmental terms, in 2022, the Group launched a new survey of its employees to determine their current situation in terms of sustainability and to assess the average impact of their carbon footprint. The results have made it possible to identify possible lines of action to promote sustainability in the Group's supply chain.

A clause has also been included in the Autopresto workshop contracts, which requires the workshops to provide certain accreditations as waste managers and to provide Prepersa with the information required to justify this. All these contracts are issued in digital format in order to reduce the company's paper consumption.

On the other hand, the Group considers customer relations to be essential, which is why it maintains a constant dialogue through its extensive sales network, technical assistance services, customer care services, its own network of offices, corporate website and Whistle-blowing Channel.

For the Group, developing innovative and sustainable solutions that are sensitive to changes in consumption patterns and that favour the implementation of new technologies and energy

sources, represents a competitive advantage and the opportunity to better adapt to the changing needs of our customers. This, coupled with the adoption of the requirements set out by the EU Taxonomy, has allowed work to continue on the design of insurance products that incorporate customers' sustainability preferences.

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

We participate in the main sector associations (UNESPA -Insurance Business Association-, and ICEA - Spanish insurance sector-research department) that have sustainability programmes. In addition, we support national and sector sustainability initiatives such as:

- Work by Finresp (Centre for Responsible and Sustainable Finance in Spain).
- Joining the EWI network to boost the presence of women in insurance management

We are also committed to the main international reference standards:

- Adherence to the ten principles of the United Nations Global Compact.
- Commitment to the Sustainable Development Goals (SDGs).
- Adherence to UNEP-FI.
- Adherence to the Principles for Responsible Investment (PRI).
- Adherence to the Principles for Sustainability in Insurance (PSI).

Finally, we actively collaborate with the CNMV and the DGSFP by providing all the Sustainability information they require.

Principle 4. We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.

The main tool for reporting on the status of compliance with the Principles for sustainability in insurance covered in this report is the GCO corporate website. In addition, this report will also be made publicly available on the UNEP-FI website.

In addition, the Group demonstrates accountability and transparency by regularly publicly disclosing its progress in implementing these Principles through its Sustainability Report, prepared in accordance with GRI Standards and verified by an independent external party.