
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 (Occident and Atradius Crédito y Caución, among others).

GCO has also been a signatory member of the Global Compact since 2002 and promotes actions aimed at achieving the United Nations Sustainable Development Goals (SDGs), aligning them with its own materiality. To do so, the Group implements best practices that ensure its contribution to the SDGs and that respond to the most relevant challenges and opportunities for its business, thus generating a positive impact both on its environment and on global sustainable development.

In addition, the Group is a signatory to the Principles for Responsible Investment (hereinafter PRI) and is committed to incorporating ESG factors into its investment decisions and into active ownership.

GCO is an insurance group with more than a 160 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 to be a leader in protecting and accompanying people and companies at all stages of their lives, to ensure their peace of mind in the present and their confidence in the future.

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, 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 sustainability information for the year: Consolidated Non-Financial Information Statement and Sustainability Information (hereinafter, Sustainability report) verified
- 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 European and national sustainability regulations (Taxonomy Regulation, Sustainability Disclosure Regulation, Corporate Sustainability Due Diligence Directive and 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 its own Sustainability Committee chaired by the CFO of Atradius and made up of managers from all the areas involved. This Committee meets at least quarterly 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 Atradius.

To materialize its commitment to sustainability, the Group has a 2024-2026 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 an Internal Control System for Non-Financial Information which, through the development of a set of processes and controls, guarantees the reliability of sustainability information.
- GCO annually assesses the impact that climate change risks may 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 sustainable 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, a new sustainable investment strategy has been in effect since 2023, which incorporates new economic sectors with environmental themes in which investment is excluded (thermal coal, Arctic oil and gas exploration and shale

energy), as well as a new criterion (positive *screening*) whereby investment in companies with poorer ESG risk management is excluded.

- 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.

- In recent years, GCO's real estate investment management area has focused on investing in environmentally sustainable real estate. Issues such as energy certification, the presence of facilities to reduce water consumption, centralised waste collection points and other potential improvements in this area are assessed before any investment is made. All of GCO's real estate investments in unique buildings are in line with the Group's new Sustainable Real Estate Investment Policy and therefore investments are only made in properties with LEED Gold or higher and/or BREEAM Very Good or higher certification.

- In 2024, the Group calculated the Scope 3 emissions associated with the investment portfolio for the first time, which will enable the Group to establish a decarbonisation pathway on the emissions financed.

Product development:

- 100% of GCO's investment funds and unit linked products, as well as 99% of GCO's pension plans/EPsVs have an Article 8 rating under the SFDR. These products therefore explicitly incorporate environmental and/or social considerations in their management, beyond the mere integration of sustainability risks.

- Group companies market products with sustainable connotations, such as electric vehicle insurance, cyber risk insurance and environmental risk insurance, among others. In addition, there is a personal mobility product that insures users for all their journeys, regardless of the method of transport used (such as rental and *sharing* vehicles, scooters, city bicycles, taxis, VTC or public transport).

- GCO also focuses on developing products that promote financial inclusion in the insurance sector, recognising the importance of guaranteeing access to protection against certain risks for vulnerable groups. In this regard, the Group has designed specific solutions, such as the Senior Wellness Health insurance, designed to meet the medical needs of the elderly, and the Life Reverse Mortgage, which gives retirees the opportunity to convert their real estate assets into a monthly income without giving up ownership of their home. In addition, Agrarian Insurance is offered to cover agricultural and livestock farms, protecting them against various risks and thus contributing to the economic stability of the rural environment.

- In 2024, GCO reaffirmed its commitment to sustainability in the underwriting process by creating a declaration of environmental and social underwriting commitments. The declaration provides for the exclusion of activities with high carbon exposure or negative environmental impact, as well as those that do not align with its ethical and social values.

Claims management:

- The Group's companies provide their services responsibly through Prepersa (the Group's company that manages partners specialised in claims settlement: loss adjusters, workshops, repairers and lawyers). The workshops are part of the AutoPresto network, which uses the "minimum order assignment unit" criterion, based on always assigning customers to the nearest workshop in order to shorten distances, avoid travel and reduce emissions, while improving efficiency and customer service. The Group's AutoPresto workshop network has 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 certificate. This seal

guarantees the commitment of the workshops to sustainability and certifies the implementation of their activity following environmental care criteria.

- Prepersa promotes responsible practices related to efficiency and the minimisation of resources, including repair versus replacement policies and the application of new technologies that enable damage to be located and repaired more efficiently and in a non-invasive manner.
- The Group has implemented a new procedure for assessing claims arising from atmospheric phenomena through video loss adjustment, which allows it to improve efficiency by attending to a greater number of claims, eliminating emissions derived from travel and improving customer perception. As a new development in 2024, Artificial Intelligence has been included in the inspection of non-new cars prior to taking out car insurance, which makes the process more efficient, reducing contracting times for the customer. The project to digitise all documentation issued to customers and professionals has also been implemented, to avoid paper consumption. This documentation includes contracts with associates, the compensation proposal that the loss adjuster gives to the customer, the Home Claims Intervention Sheet and the Inspection Report after the repair in AutoPresto workshops.

Sales and marketing:

- The Group continues to advance in the digitalisation of its services. For Occident customers, the Group offers Bizum as a payment method and a customer service channel via WhatsApp. In addition, the Group continues to promote the adoption of digital policies and signatures to contract products, in order to contribute to reducing the environmental impact. Of particular note is the digital healthcare service, which provides access to a team of specialist doctors from anywhere, as well as different services such as medical chat, video consultation, reports and medical prescriptions.
- GCO and its member entities clearly include the obligations of the Disclosure Regulation in the pre-contractual documentation regarding transparency on the integration of sustainability risks in products with a financial component. In addition, they include the individual sustainability preferences of their customers during the provision of investment advice on their products that have a financial component.
- The Group has implemented various initiatives aimed at providing a better experience and positive customer satisfaction. Some of these initiatives include: incorporating improvements in the health products Asistencia Sanitaria and Reembolso Mixto, creating a specific channel for senior customers, offering preferential financing through a credit bank, etc. In addition, insurance on demand has been launched for a target of 10,000 customers to cover cycling and skiing, with the aim of responding to the pace of life and needs of the new generations.

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.

New in 2024, GCO has begun to assess the ESG risk of its suppliers through EcoVadis, the world's largest provider of sustainability ratings. This assessment has allowed the Group to get to know the situation of its supply chain in ESG terms, identifying potential risk areas and the degree of performance in managing them, with the aim of being able to collaborate with these suppliers so that they can continue to make progress in their sustainability goals.

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, comply with the labour regulations that affect them and are up to date with their tax obligations.

All associates 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 order.

In addition, a clause has 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.

Training for Occident's distribution network is aimed at developing the sales force and growing the business. Special attention is given to cross-selling, cancellation containment, customer loyalty and the use of new tools and systems. On the other hand, efforts are being increased to promote and reinforce intermediaries' knowledge of responsible marketing and sales of products and services. In particular, training in specialised attention to the most vulnerable groups, such as customers over 65 years of age and the disabled, has been promoted.

On the other hand, the Group considers customer relations to be essential; it therefore maintains a constant dialogue through its extensive commercial network, technical assistance services, customer care services and its own network of branches. In addition, there are other communication channels such as the corporate website, the Complaints Channel, the e-customer service, social networks, customer satisfaction surveys and corporate magazines.

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.

In Spain, GCO is actively involved in the main industry associations such as UNESPA (Spanish Insurance Business Association) and ICEA (Spanish Insurance Industry Research Service) which have sustainability programmes. Internationally, through Atradius, the Group participates in ICISA (International Credit and Surety Insurance Association) and Berne Union, also known as the International Union of Credit and Investment Insurers,

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

- Nactiva Capital Natural S.L., a collective platform for investment in natural capital whose aim is to promote projects in the Mediterranean area.

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.

Dissemination of this report is the main tool for reporting progress on the Principles for Sustainability in Insurance, published both on GCO's corporate website and on UNEP-FI's own website.

In addition, the Group demonstrates accountability and transparency by regularly publicly disclosing its progress in implementing these Principles through its Sustainability Report, which takes the European Sustainability Reporting Standards (ESRS) as a reference and is verified by an independent assurance service provider.