

A photograph of a man and a young girl in profile, looking at each other. The man is on the left, and the girl is on the right. They are both looking towards the center. The background is bright and hazy, suggesting an outdoor setting. The overall tone is warm and intimate.

PRINCIPLES FOR SUSTAINABLE INSURANCE

REPORT 2022

PSI Report 2022
UNEP FI

Gothaer

Introduction

The United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Sustainable Insurance (PSI) represent an industry-wide endeavor aimed at collaboratively integrating sustainability criteria into insurance companies. Gothaer formally embraced the PSI on May 18, 2021, underscoring our commitment to the comprehensive integration of environmental, social, and governance (ESG) considerations throughout our entire value chain.

Through our endorsement of the PSI, our objective is twofold: to actively contribute to this initiative and to catalyze similar efforts among fellow entities in the insurance sector. The phenomenon of human-induced climate change poses a dire threat to our coexistence. Despite the relative youth of the current century, we have already borne witness to some of its most catastrophic events, including extreme heatwaves and floods, often referred to as 'disasters of the century'. As an insurer, our role is to provide coverage against risks, enabling our clients to direct their energies toward their lives and businesses. These risks, however, are undergoing transformation—and we are evolving in tandem. Rather than turning a blind eye to these challenges, we have chosen to actively shape the future landscape, guiding our clients along this transformative journey. Our aspiration is to underwrite a sustainable future.

In our capacity as a signatory to the PSI, we pledge to annually divulge the progress made in implementing these principles. This year marks the second instance of our reporting, where we detail the key initiatives undertaken in 2022 and refer readers to our comprehensive Sustainability Report for more comprehensive insights.

Principles for Sustainable Insurance



Principle 1 Strategy & Objectives

We will embed in our decision-making environmental, social and governance (ESG) issues relevant to our insurance business.

In particular, this includes the integration of ESG issues into the following areas:

- Corporate strategy
- Risk management and underwriting
- Product and service development
- Claims management
- Sales and marketing
- Asset management
- Organization and corporate governance
- Human resource management



Principle 2 Customers & Partners

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

This includes, in particular, cooperation with the following partners:

- Customers and suppliers
- Insurers, reinsurers and intermediaries



Principle 3 Stakeholders

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

This includes, in particular, collaboration with the following stakeholders:

- Governments, regulators and other policy makers
- Internal stakeholders (employees, Members' Assembly, Supervisory Board)
- Other key stakeholders (intergovernmental and nongovernmental organizations, business and industry associations, scientists and academics, media)
- Sales partners, intermediaries, rating agencies, service providers, customers



Principle 4 Transparency & Accountability

We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the principles.

This includes the following:

- The measurement, evaluation and regular disclosure of the company's progress in addressing ESG issues
- The dialogue with customers, regulators, rating agencies and other stakeholders to achieve a mutual understanding of the value of disclosure through the principles
- Participation in relevant disclosure and reporting frameworks

Introduction

Principle 1: Strategy & Objectives

Principle 2: Customers & Partners

Principle 3: Stakeholders

Principle 4: Transparency & Accountability

Principle 1: Strategy & Objectives



We will embed in our decision-making environmental, social and governance (ESG) issues relevant to our insurance business.

In particular, this includes the integration of ESG issues into the following areas:

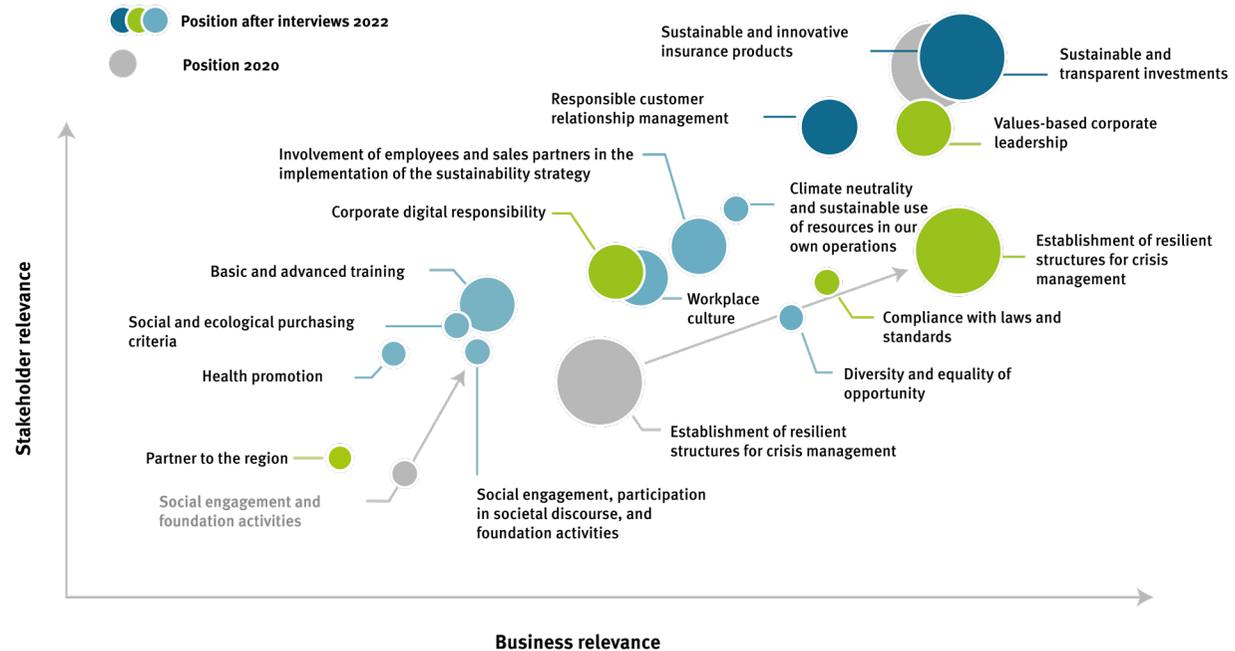
- Corporate strategy
- Risk management and underwriting
- Product and service development
- Claims management
- Sales and marketing
- Asset management
- Organization and corporate governance
- Human resource management

To consolidate our sustainability endeavors and uphold our assertion of being credibly sustainable for society, we meticulously crafted a sustainability strategy in 2021, embedding sustainability management within our corporate framework through three pivotal spheres: core business, operations, and community involvement.

Employing a materiality analysis, we identified paramount subjects to channel our efforts towards: (1) sustainable and transparent investments, (2) innovative, sustainable insurance solutions, (3) climate neutrality and sustainable resource use, (4) responsible customer relationship management, and (5) engagement of employees and sales partners in executing our sustainability strategy. These areas were subsequently underpinned by ambitious

Materiality matrix

In response to profound social and political changes, including significant events like the war in Ukraine and the ongoing ramifications of the COVID-19 pandemic, in 2022 we re-evaluated our existing materiality analysis from 2020. This does not replace the materiality analysis but adds further perspectives and highlights changed priorities.



The materiality analysis of the Gothaer Group shows our 16 identified sustainability topics in ascending order from bottom left to top right. The size of the circles illustrates the potential impact on people and the environment.

short-, medium-, and long-term objectives. Regular repetition of the materiality analysis ensures Gothaer's focus on critical sustainability matters, capturing contemporary opportunities and risks while adhering to internal and external requirements.

Robust governance structures anchor our sustainability efforts. Our Sustainability Management department assumes a group-wide role with strategic, steering, networking, and coordinating functions, weaving sustainability seamlessly throughout the organization by fostering

collaboration across departments. The Sustainability Network and Gothaer Asset Management (GoAM) complement these governance facets, particularly in the realm of sustainable and transparent investments. A novel addition, the ESG Board, instituted in 2022, diligently assesses our progress toward achieving targets outlined in the sustainability strategy. Comprising the Executive Board, the head and a senior expert from the Sustainability Management division, and a representative from the Corporate Development department, this board also deliberates prioritization of sustainability issues, evaluates measures triggering resource conflicts, and ensures the ongoing ambition of our sustainability objectives in light of prevailing developments, making adjustments as necessary.

Amidst the specter of climate change, with its associated risks necessitating safeguarding our clients and society, sustainability risks have ascended the hierarchy of our risk

analysis. In this context, Gothaer's risk management strives to preemptively identify risks, gauge their financial implications, and proactively adopt measures to avert or mitigate them. Acknowledging the escalating prominence of ESG risks, we have seamlessly integrated them into our existing risk management framework.

As an insurer, our role extends beyond merely mitigating personal risks for clients; it is also our objective to foster sustainable lifestyle choices through our insurance products. Our aspiration to transcend conventional roles as a service provider aligns with a commitment to stand by our customers, envisioning and enacting measures that transcend mere damage control. Notably, we've instilled sustainability criteria to infuse sustainability into our product development process. Exemplary inclusions encompass coverage modules that advocate sustainability within our offerings and endeavours toward climate-neutral claims processing.

Our investment strategies mirror our sustainability strategy, with sustainability criteria ingrained in our investment guidelines. This encompasses exclusion criteria, integration, engagement, thematic approaches/best-in-class strategies, and the exertion of voting rights. Remarkably, as of December 31, 2022, a substantial 98 percent of our corporate investments were in alignment with our established exclusion criteria, with an investment of over €400 million in thematic or impact investments.

In the expansive canvas of the Gothaer Group, boasting approximately 5,000 employees and over 1,000 sales partners, the potential to instigate sustainable change is abundant. Acknowledging that sustainability is intricate and demands new insights and skills, we've charted a course to augment employee engagement and actively involve them in executing our strategy. Guided by the principles of 'Inform', 'Activate', 'Empower', and 'Inspire', we've meticulously designed a diverse array of holistic learning, training, and engagement initiatives.

Additional details regarding our adherence to Principle 1 can be sourced from the provided index below:

	Sub-Goal	Source
We will embed in our decision-making environmental, social and governance (ESG) issues relevant to our insurance business.	Strategy and Governance	Sustainability Report: p. 2, 11, 12 ff, 18 ff, Gothaer Sustainability Strategy
	Risk Management and Underwriting	Sustainability Report: p. 9, 20 ff, 54
	Product and Service Development	Sustainability Report: p. 38 ff, 47 ff, 52 ff, 55 ff
	Customer Management	Sustainability Report: p. 58 ff
	Sales and Marketing	Sustainability Report: p. 74, 78, 80 ff
	Asset Management	Sustainability Report: p. 38 ff, 54, 55 ff

Principle 2: Customers & Partners



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

This includes, in particular, cooperation with the following partners:

- Customers and suppliers
- Insurers, reinsurers and intermediaries

Gothaer is committed to heightening awareness of environmental, social, and governance matters among its corporate customers. To gain deeper insights into customers' aspirations and challenges, we regularly administer surveys to small and medium-sized enterprises, delving into current trends and perspectives concerning sustainability. With our ESG-compliant corporate pension schemes and corporate health insurances, we stand as partners in our customers'

pursuit of greater sustainability, assisting them in embracing more conscientious actions and investments.

Our aspiration extends beyond our immediate sphere, as we endeavor to accompany fellow companies on their transformative journey towards enhanced sustainability. To achieve this, we've established the '500-50-5' initiative, with the goal of aiding 500 corporate clients in reducing their CO₂ emissions by 50 percent over a span of five years. Our dedicated platform 'econize', empowers participants with comprehensive energy consulting, encompassing tailored energy audits and strategies for curbing energy costs and CO₂ emissions. Furthermore, this initiative offers access to an extensive network of collaboration partners, fostering a holistic approach to sustainable progress.

Our commitment to sustainability reverberates through our entire operational ecosystem, including our supply chain. In 2022, we operationalized our ESG integration framework within the bid evaluation process, ensuring that sustainability criteria permeate our supplier selection. This

guarantees that the pursuit of sustainability is a fundamental element in our supplier choices.

Notably, a substantial portion of Gothaer Asset Management's (GoAM) assets are managed externally, underscoring the significance of meticulous selection, ongoing monitoring, and active engagement with external asset managers. A robust due diligence process underpins our approach, with all potential managers subject to rigorous scrutiny, including inquiries into their strategies for addressing sustainability risks. Only those managers who articulate compelling ESG concepts are entrusted with mandates. Post-contractual engagement, GoAM remains steadfast in monitoring the sustainability performance of these managers, thereby maintaining a vigilant commitment to our ESG principles.

In these multifaceted endeavors, Gothaer underscores its dedication to fostering sustainability not only within our own operations but also across our stakeholder landscape, signaling our firm resolve to catalyze meaningful change and contribute to a more sustainable future.

Additional details regarding our adherence to Principle 2 can be sourced from the provided index below:

	Sub-Goal	Source
We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.	Customers and Suppliers	Sustainability Report: p. 40 ff, 54, 55 ff Information on Gothaer's '500-50-5' initiative for energy transition
	Reinsurance and other Functions	Sustainability Report: p. 96 ff

Introduction

Principle 1: Strategy & Objectives

Principle 2: Customers & Partners

Principle 3: Stakeholders

Principle 4: Transparency & Accountability

Principle 3: Stakeholders



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

This includes, in particular, collaboration with the following stakeholders:

- Governments, regulators and other policy makers
- Other key stakeholders (intergovernmental and nongovernmental organizations, business and industry associations, scientists and academics, media)
- Internal stakeholders (Employees, Members' Assembly, Supervisory Board)
- Sales partners, intermediaries, rating agencies, service providers, customers

Engaging in meaningful dialogue with our stakeholders is a paramount commitment for us. We establish and maintain connections with our valued customers through a variety of channels, facilitated by our independent sales partners, intermediaries, and an array of digital platforms. By harnessing digital technologies and services, we streamline access to our products and offerings, simultaneously delivering resource-efficient, comprehensive services.

Our relationship with sales partners is nurtured through dedicated intra- and extranets, regular newsletters, and face-to-face interactions and including regular sustainability focus group meetings. To foster collaboration and understanding, we embrace diverse formats and channels, ensuring ongoing communication with our employees and their representatives. This encompasses the intranet, along with engaging platforms such as virtual coffee sessions, lunch talks, and a Mindset Day.

Internal and external stakeholders of Gothaer



Transparency and information dissemination are central to our operations. Our press and public relations endeavors function as conduits of transparency, consolidating vital information in our newsroom. Furthermore, our website's sustainability section serves as a hub for public dialogue.

Our vision extends beyond our organization, as we endeavor to drive sustainable transformation across society. By actively participating in various initiatives and associations,

we foster knowledge exchange with stakeholders from both the public and private sectors. This collaborative approach strengthens the integration of sustainability principles into our core business. Our active involvement in these endeavors is underscored by the list of initiatives and associations highlighted on the next page, exemplifying our commitment to collective progress and sustainable development.

Introduction

Principle 1: Strategy & Objectives

Principle 2: Customers & Partners

Principle 3: Stakeholders

Principle 4: Transparency & Accountability

A noteworthy highlight is Gothaer's proactive stride in the realm of global climate action. We have signed the Global Investor Agenda to Governments on the Climate Crisis 2022, a yearly initiative that unites internationally positioned investors. Our aim is to collectively urge governments to implement policies addressing climate risk and channeling substantial investments toward combatting the climate crisis. This concerted effort highlights our dedication to effecting positive change on a global scale, aligning with our broader commitment to sustainability and responsible practices.

In tandem with our initiatives aimed at advancing sustainability within our core business, Gothaer is resolutely committed to fostering sustainable transformation beyond the boundaries of our organization. A testament to this commitment is our annual donation of 0.5 percent of Group profits to the Gothaer Foundation. The projects undertaken by the foundation, particularly in the realms of research, education, and environmental conservation, resonate deeply with our values.

In the year 2022, the collective funding for all projects under the foundation amounted to €458,000. Among

these endeavors, exploratory projects have taken center stage. Noteworthy contributions include support for the Institute for Sustainability, Corporate Law, and Reporting (Institut für Nachhaltigkeit, Unternehmensrecht und Reporting – INUR) at the University of Cologne, an initiative dedicated to advancing sustainability research and corporate practices. Furthermore, our financial backing extends to the preservation of national natural heritage in Tiltzow (Rügen), underscoring our dedication to safeguarding and nurturing the environment.

Moreover, we extend our support to educational programs through our partnership with Solar-Dorf Kettmannshausen e.V., advocating for sustainable living and educating children about renewable energy. This multifaceted approach exemplifies our unwavering commitment to driving sustainable change beyond our corporate boundaries, with a particular emphasis on research, education, and environmental conservation. Through the Gothaer Foundation, we channel our resources and efforts to create a positive and lasting impact in these critical areas, echoing our dedication to a more sustainable and prosperous future.

Gothaer is member of various national, European and global sustainability initiatives



Additional details regarding our adherence to Principle 3 can be sourced from the provided index below:

	Sub-Goal	Source
We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.	Government, Regulations and Politics	Sustainability Report: p. 25 ff
	Other Stakeholders	Sustainability Report: p. 23ff, 25 ff, 99

Introduction

Principle 1: Strategy & Objectives

Principle 2: Customers & Partners

Principle 3: Stakeholders

Principle 4: Transparency & Accountability

Principle 4: Transparency & Accountability



We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the principles.

This includes the following:

- The measurement, evaluation and regular disclosure of the company's progress in addressing ESG issues.
- Participation in relevant disclosure and reporting frameworks
- The dialogue with customers, regulators, rating agencies and other stakeholders to achieve a mutual understanding of the value of disclosure through the principles

Our commitment to transparency is at the forefront of our sustainability approach. We consistently communicate our sustainability objectives and advancements in a manner that is accessible and open to the public. To this end, we undertake a series of measures to ensure comprehensive disclosure:

- **Annual Non-Financial Report:** Aligned with the German Sustainability Code (DNK), we publish an annual non-financial report. This report comprehensively outlines our sustainability initiatives, goals, and progress, presenting a comprehensive overview of our commitment to sustainable practices.
- **Sustainability Report:** Our dedicated sustainability report further delves into our sustainability endeavors,

highlighting key achievements, ongoing projects, and strategies for enhancing our sustainability performance.

- **UN PRI Information:** We furnish relevant information in accordance with the United Nations Principles for Responsible Investment (UN PRI), demonstrating our commitment to responsible investment practices.
- **Website Transparency:** Our website serves as a platform for disseminating pertinent information, ensuring that stakeholders and the public have easy access to our sustainability-related activities and principles.
- **Climate Footprint Certification:** As a testament to our climate-conscious practices, we hold certification as a climate-neutral company by TÜV Nord. Our climate footprint forms an integral part of this certification, emphasizing our proactive approach to mitigating our operational environmental impact.

Additional details regarding our adherence to Principle 4 can be sourced from the provided index below:

	Sub-Goal	Source
We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the principles.	Measurement, Evaluation and Publication of ESG-related Progress	Sustainability Report: p. 6, 17
	Participation in Relevant Disclosure and Reporting Frameworks	Sustainability Report: p. 25 ff, 109 ff
	Dialogue with Customers, Regulators, Rating Agencies and Other Stakeholders to Achieve a Mutual Understanding of the Value of Disclosure Through the Principles	Sustainability Report: p. 23 ff

This multifaceted approach underscores our dedication to transparency and accountability. By consistently sharing our sustainability journey through diverse channels and reports, we aim to build trust, foster engagement, and inspire collective progress toward a more sustainable future. For a more in-depth understanding of our alignment with the Principles for Sustainable Insurance, we direct stakeholders to the Gothaer Sustainability Report 2022. This comprehensive document serves as a robust repository of information, providing insights, data, and narratives that substantiate our adherence to these principles.

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