

PRINCIPLES FOR SUSTAINABLE INSURANCE

REPORT 2023

PSI Report 2023
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 establishing sustainability criteria at insurance companies. Gothaer formally embraced the PSI on May 18, 2021, underscoring our commitment to comprehensively integrate environmental, social, and governance (ESG) considerations into our entire value chain.

By signing the PSI, our objective is twofold: to actively contribute to this initiative and to encourage other companies in the insurance industry to incorporate ESG even more strongly into their core business. Human-induced climate change poses a significant threat to our existence. Although the current century is still relatively young, we have already experienced a number of 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 focus on their lives and businesses. These risks, however, are transforming—and so are we. Rather than ignoring these challenges, we have chosen to actively shape the future landscape, guiding our clients on this journey of transformation. Our goal is to underwrite a sustainable future.

In our capacity as a signatory to the PSI, we pledge to annually publish information about the progress we have made in implementing these principles. 2023 marks the third year of our reporting activities. Our focus this time is on detailing the key initiatives undertaken during the past twelve months. We have also included references to our German Sustainability Code report for more comprehensive insights (available in German only).

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Principles for Sustainable Insurance



Principle 1 Strategy & Objectives

In our decision-making, we will consider environmental, social and governance (ESG) aspects that are relevant to our insurance business.

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

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



Principle 2 Customers & Partners

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

This includes collaboration with the following stakeholders in particular:

- Governments, regulators and other policy makers
- Internal stakeholders (employees, Members' Assembly, Supervisory Board)
- Other key stakeholders (intergovernmental and non-governmental 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 by regularly disclosing our progress in implementing the principles.

This includes the following:

- Measurement, evaluation and regular disclosure of the company's progress in addressing ESG issues
- 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,

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Principle 1: Strategy & Objectives



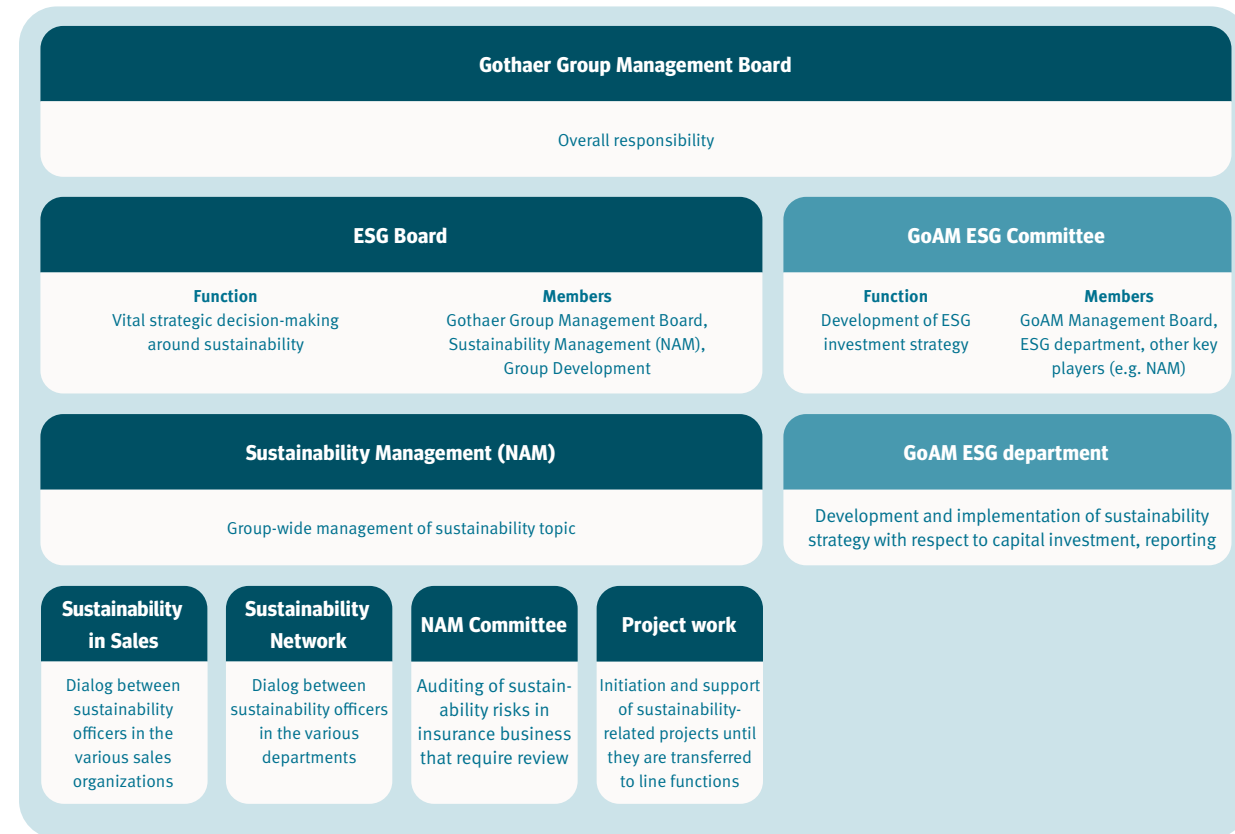
In our decision-making, we will consider environmental, social and governance (ESG) aspects that are relevant to our insurance business.

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 activities and fulfil our mission to be “credibly sustainable for society,” we designed a sustainability strategy in 2021, embedding sustainability management within our corporate framework by defining three pivotal spheres: core business, operations, and community engagement. Taking the same approach as with our Ambition25 corporate strategy, we apply the agile Objectives and Key Results (OKR) framework to implement our sustainability strategy. This entails transferring the sustainability goals into OKR, defining the key results and monitoring the extent to which the goals have been achieved.

Sustainability within the Organization



We carried out a materiality analysis to identify the following key areas to address: (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 short-, medium-, and long-term objectives. Regularly repeating the materiality analysis ensures that Gothaer keeps its focus on critical sustainability matters, taking into account opportunities as well as risks while at the same time fulfilling internal and external requirements.

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Our sustainability efforts are based on robust governance structures. The Sustainability Management department has assumed a group-wide role including strategic, steering, networking, and coordinating functions—seamlessly weaving sustainability into the organization by fostering collaboration across departments. The Sustainability Network as well as Gothaer Asset Management (GoAM) complement these governance structures, particularly in the area of sustainable and transparent investments. The ESG Board, instituted in 2022, assesses our progress on the targets outlined in the sustainability strategy. Comprising the members of the Executive Board, the head of the Sustainability Management department as well as an expert from that team, and a representative of the Corporate Development department, the ESG Board also discusses which sustainability issues should be prioritized as well as measures that trigger resource conflicts. It also looks at our ongoing progress towards achieving our sustainability objectives in light of current developments, making adjustments as necessary. To focus the attention on sustainability throughout the organization, in 2023 a sustainability component was introduced into the variable compensation both of the executives and of all employees in all areas of Gothaer.

Against the backdrop of climate change and the necessity to protect our clients and society against associated risks, sustainability risks have become more important in our risk analysis. In this context, Gothaer's risk management team strives to identify risks in advance, gauge their financial implications, and proactively adopt measures to prevent or mitigate them. Recognizing the increasing significance 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. We also promote sustainable lifestyle choices through our insurance products. Our aim to be more than a conventional service provider goes hand in hand with our commitment to stand by our customers, designing and implementing measures that go beyond mere damage control. First and foremost, we have put sustainability criteria in place to integrate sustainability into our product development process, for example coverage modules that promote sustainability within our offerings, and we endeavor to move toward climate-neutral claims processing.

Our investment strategies reflect our sustainability strategy, with sustainability criteria anchored within our underwriting guidelines. This encompasses exclusion criteria, integration, engagement, thematic approaches/ best-in-class strategies, and the exertion of voting rights.

As of December 31, 2023, 99 percent of our corporate investments were in line with our exclusion criteria, with a total investment of over €800 million in thematic or impact investments.

At the Gothaer Group, with its team of approximately 5,000 employees and over 1,000 sales partners, there is huge potential to implement sustainable change. Acknowledging that sustainability is complex and demands new insights and skills, we have charted a course to increase employee engagement and actively involve them in executing our strategy. Guided by the principles of “Inform,” “Activate,” “Empower,” and “Inspire,” we have meticulously designed a wide variety of integrated learning, training, and engagement initiatives.

Further details on our compliance with Principle 1 can be referred to in the sources below:

	Sub-goal	Source
In our decision-making, we will consider environmental, social and governance (ESG) aspects that are relevant to our insurance business.	Strategy and Governance	German Sustainability Code (DNK) report: chapters 1, 2, 3, 4, 5, 6, 7 Gothaer Sustainability Strategy
	Risk Management and Underwriting	German Sustainability Code (DNK) report: chapters 2, 4, 10
	Product and Service Development	German Sustainability Code (DNK) report: chapter 10
	Customer Management	German Sustainability Code (DNK) report: chapters 7, 9
	Sales and Marketing	German Sustainability Code (DNK) report: chapters 10, 16
	Asset Management	German Sustainability Code (DNK) report: chapters 1, 3, 4, 7, EU-Taxonomie

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Principle 2: Customers & Partners



We will work 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 increasing awareness of environmental, social, and governance matters among its corporate clients. To gain deeper insights into customers' aspirations and challenges and explore current trends and perspectives around sustainability, we regularly ask small and medium-sized enterprises to complete surveys. With our ESG-compliant corporate pension schemes and corporate health insurances, we act as partners to our customers in their pursuit of greater sustainability, assisting them in embracing more conscientious practices and investments.

Our commitment to sustainability is reflected throughout our operational ecosystem, including our supply chain. In 2022, we operationalized our ESG integration framework within the bid evaluation process, ensuring that sustainability criteria are consistently applied in supplier selection.

A substantial portion of Gothaer Asset Management's (GoAM) assets are managed externally. This is why careful selection, ongoing monitoring, and active engagement with external asset managers are so important. 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 present compelling ESG concepts receive mandates. After the contract has been signed, GoAM continues to monitor their sustainability performance, thus remaining fully committed to our ESG principles.

In all of its efforts described above, Gothaer is dedicated to fostering sustainability not only within our own operations but also across our stakeholder landscape, signaling our firm commitment to catalyze meaningful change and contribute to a more sustainable future.

Further details on our compliance with Principle 2 can be referred to in the sources below:

	Sub-goal	Source
We will work with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.	Customers and Suppliers	German Sustainability Code (DNK) report: chapters 1, 3, 4, 9, 17
	Reinsurance and Other Functions	German Sustainability Code (DNK) report: chapter 4, EU-Taxonomie

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Principle 3: Stakeholders



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

This includes collaboration with the following stakeholders in particular:

- Governments, regulators and other policy makers
- Other key stakeholders (intergovernmental and non-governmental 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 of paramount importance to us. We establish and maintain connections with our customers through a variety of channels, facilitated by our independent sales partners, intermediaries, and a number 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, including regular sustainability focus group meetings. To foster collaboration and understanding, we use diverse formats and channels, ensuring ongoing communication with our employees

Internal and external stakeholders of Gothaer



and their representatives. This includes the intranet, along with engaging platforms such as “virtual coffee” sessions, lunch talks, and the “Mindset Day.” Both online and offline events on strategic subjects further facilitate engagement.

Transparency and information dissemination are central to our operations. Our press and public relations activities promote transparency, consolidating vital information

in our newsroom. Furthermore, our website’s sustainability section serves as a hub for public dialogue, enabling us to interact effectively with diverse audiences.

Our vision extends beyond our organization, as we work hard 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

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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 this page, exemplifying our commitment to collective progress and sustainable development.

A noteworthy highlight is a proactive step Gothaer has taken in relation to global climate action. We have signed the Global Investor Agenda to Governments on the Climate Crisis 2022, an annual initiative that brings together international investors. Our aim is to collectively encourage governments to implement policies that address climate risk and channel substantial investments toward combatting the climate crisis. This joint effort highlights our dedication to effecting positive change on a global scale, and is in line with our broader commitment to sustainability and responsible practices.

In tandem with our initiatives aimed at advancing sustainability within our core business, Gothaer is firmly 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 Stiftung, the foundation within the Gothaer Group. The projects it undertakes,

particularly in the areas of research, education, and environmental conservation, are strongly aligned with our values. Funding for projects in the 2020 to 2023 implementation period amounted to €1,356,476. Exploratory projects at the following institutes have taken center stage here: The Institute for Sustainability, Corporate Law, and Reporting (Institut für Nachhaltigkeit, Unternehmensrecht und Reporting—INUR) at the University of Cologne dedicated to advancing sustainability research and corporate practices. At Friedrich-Alexander University Erlangen-Nuremberg, the Gothaer foundation has backed research on the influence of urban design on health and climate change, with a special focus on “sponge cities.” This initiative has led to nationwide pilot projects involving numerous stakeholders. Moreover, the Gothaer foundation has contributed to the Sustainability Academy at the University of Leipzig, providing a free two-week educational program for students at the Institute for Insurance Sciences. The program covers sustainability management at all levels of insurers’ value chains. The Gothaer foundation has also collaborated with Haus Rissen Hamburg—Institute for International Politics and Economics to develop a simulation game for students on climate change and economics. In its partnership with RWTH Aachen/FH Aachen, the foundation supported the development of an

emission-free, recyclable solar vehicle to participate in the World Solar Challenge in Australia. This vehicle, which is exclusively powered by solar energy, covered 3,022 kilometers in seven race days. Furthermore, our financial support extends to the preservation of national natural heritage in Tilzow (Rügen), demonstrating our dedication to safeguarding and nurturing the environment.

This multifaceted approach shows our firm 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 a member of various national, European and global sustainability initiatives



Further details on our compliance with Principle 3 can be referred to in the sources below:

Sub-goal	Source
We will work with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.	German Sustainability Code (DNK) report: chapters 2, 9, EU-Taxonomie, 19, 20
Other Stakeholders	German Sustainability Code (DNK) report: chapter 9

Principle 4: Transparency & Accountability



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

This includes the following:

- Measurement, evaluation and regular disclosure of the company's progress in addressing ESG issues
- Participation in relevant disclosure and reporting frameworks
- 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 progress 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 the details of our sustainability initiatives, goals, and progress, presenting a complete overview of our commitment to sustainable practices.
- Sustainability report: Our dedicated sustainability report describes our sustainability endeavors in further detail, highlighting key achievements, ongoing

projects, and strategies for enhancing our sustainability performance.

- UN PRI information: We provide 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 relevant information, ensuring that stakeholders and the public have easy access to our sustainability-related activities and principles.
- Climate footprint certification: In recognition of our climate-conscious practices, we are a ClimatePartner certified company and contribute to various climate protection projects. Our climate footprint is an integral part of this certification, emphasizing our proactive approach to mitigating our operational environmental impact.

Further details on our compliance with Principle 3 can be referred to in the sources below:

	Sub-goal	Source
We will demonstrate accountability and transparency by regularly disclosing our progress in implementing the principles.	Measurement, Evaluation and Publication of ESG-related Progress	German Sustainability Code (DNK) report: chapter 7, performance indicators for all chapters
	Participation in Relevant Disclosure and Reporting Frameworks	German Sustainability Code (DNK) report: chapter 9
	Dialogue with Customers, Regulators, Rating Agencies and Other Stakeholders to Achieve a Mutual Understanding of the Value of Disclosure Through the Principles	German Sustainability Code (DNK) report: chapter 9

This multifaceted approach highlights 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, stakeholders are referred to our German Sustainability Code (DNK) report. This document is a comprehensive repository of information, providing insights, data, and narratives that underpin our compliance with these principles.

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