



2023



executive summary
of the ERGO Hestia Group
2023 sustainability report

Opening letter from Artur Borowiński, Management Board President



Dear ladies and gentlemen,

for us 2023 was a period of intense development and of the implementation of innovative solutions at many levels of the organization. We have done the roundup of our business strategy - "The Power of Information and Community" - implemented in 2021-2023. It was based on two pillars referred to in its name, which determine the value of the company. It allowed us to integrate the analytical potential of information resources and employee competence with their motivation and commitment. Such combination gave ERGO Hestia balance and justifies our boldness in making unconventional decisions. We started the new year, 2024, with a record result of gross written premium at the level of PLN 8.6 billion in STU ERGO Hestia SA (an increase of 11.9% compared to 2022) and PLN 588 thousand in STU Życie ERGO Hestia SA (an increase of 18.2% compared to 2022).

However, the insurance market in Poland was not free from macroeconomic and geopolitical turbulence, and yet we managed to make changes in the technological area, to face the growing regulatory pressure, and to take into account the changing map of risks and customer expectations in our product offer. The dynamics of change poses many challenges to us, but it also creates many opportunities for development. For the insurance industry, these are primarily implementations in the field of AI and cybersecurity, innovative products and services, building social responsibility using instruments and regulations related to ESG and financial security.

The Fitch agency has determined the IDR (Issuer Default Rating) of ERGO Hestia at AA- with a stable outlook. This is the second record indicator in Polish insurance that we received for 2023, after the financial strength rating (IFS: AA, with a stable outlook).

The strategic "Power of Information and Community" resulted in the implementation, together with the Credit Information Bureau, of a document delivery service using Unified Blockchain technology. We are one of the first companies on the European insurance market with the ISO 27001 (information security management system) and ISO 27017 (cloud information security) certificates. After an independent audit, the DEKRA Certification team issued a positive recommendation, which confirms the compliance of our processes and procedures with the highest information security standards. Certificates prove that we treat the data entrusted to us with utmost responsibility. The foundation of all these solutions is the modernization of IT infrastructure and the use of cloud computing.

In terms of products, in mid-2023 we introduced new options in ERGO 4. We have improved the product so that it provides greater support for the customer both in the event of more serious incidents and in the event of minor health damage.

We have completed the implementation of ERGO Ubezpieczenia Rolne (agricultural insurance) and we have launched ERGO Zdrowie (health insurance), which significantly exceeds the scope of traditional health insurance.

Our business model is firmly embedded in the concept of integrated thinking, which means that as an insurer we contribute more to society than just protection and financial security. Our mission is to support and promote economic, social and environmental progress leading to a better quality of life for people and their environment.

2023 was full of new EU regulations regarding sustainable development. Solutions that provide reliable information on how we increase our efforts on ESG issues have become equally important. This area has been our ambition for many years, and this is reflected in numerous awards and results in rankings, e.g. Polityka's ESG Leaves, ESG Banking & Insurance Forum Leader, Top Employer, Great Place To Work or Diversity IN Check.

Although the first reports prepared in accordance with the requirements of the Corporate Sustainability Reporting Directive (CSRD) require data collection only for 2024, we have already started preparations. Our organization has implemented the new European Sustainability Reporting Standards (ESRS) and conducted a double materiality analysis, during which we selected 13 environmental, social and management topics that are material for us and our value chain.

I am presenting you the report prepared based on the new reporting standards. I believe that you will find in it the confirmation of our dedication to sustainable development.

Finally, I would like to share some great news with you. According to the above-mentioned business strategy for 2021-2023, being one of the top 3 companies in the "ESG Ranking. Responsible Management" (formerly the Responsible Companies Ranking) was one of its key goals, but the result exceeded our boldest expectations. We took the 1st place, becoming the most responsible company in Poland in the ESG aspect.

I congratulate all employees of the ERGO Hestia Group on this award, as it is them who on a daily basis ensure the implementation of strategic goals and strive to minimize the impact on the surrounding environment. Enjoy the reading!

Artur Borowiński
ERGO Hestia Management Board President

Opening letter from Dirk Schautes, Management Board Member



Dear Stakeholders,

I am very pleased that once again I can invite you to read the report containing the key activities and effects of ERGO Hestia's work in the field of sustainability. The acronym ESG (*environment, social, governance*) has gained a much clearer form in connection with the implementation of the Corporate Sustainability Reporting Directive (CSRD). It is not only corporate social responsibility, but above all numbers of quantified indicators that are intended to make ESG reporting comparable, and thus transparent and possible for reliable assessment by interested parties. Since the aim of the Directive is access to reliable information, the ability to assess risks and opportunities and - ultimately - support for sustainable investments, we decided to confront with it before it becomes not only an ambitious challenge, but also a duty for many businesses.

The value chain analysis confirmed our belief that currently, when running a business, not only economic aspects matter. It is important, among other things, what aspects of ESG we take into account in insurance and investment activities, but also in cooperation with our business partners and suppliers, e.g. who is our contractor and whether they are subject to sanctions. Determining how detailed we should analyse the value chain when preparing for reporting will result from our double materiality analysis.

One of the first steps in this year's sustainability report was preparing this analysis. It allowed us to isolate from the wide list of disclosures included in the ESRS standards (*European Sustainability Reporting Standards*) those that we currently monitor and been most relevant. We have selected 13 topics from a long list, including: adaptation to climate change and carbon emissions, work conditions and investing in employee development, diversity and inclusion, ethics in the workplace, work conditions and development of agents and brokers, responsible products and sales, data protection and cybersecurity, and service availability. In the field of corporate governance, important topics include ESG management, business ethics and strategic risk management.

Identification of essential subjects has been an engaging process. We conducted social dialogue with interests, including: employees, customers, suppliers, insurance agents or brokers. We assessed our policies and strategies, compared the collected information with the market and a group of independent insurance experts and assessed its financial significance. Among the mentioned areas of risks and opportunities, I would like to deepen several of them that we have been developing in the past year.

Adaptation to climate change and carbon emissions are important to us. Starting with the analysis of CO₂ emissions per employee, we have expanded scope 3 by adding, among others: data on own accommodation during business trips, product advertising costs and losses related to energy transmission. We have successfully maintained the EMAS environmental certificate. Risk assessment in the Internal Control System (ICS) tool increased the precision of data collection and helps us mitigate risks in the following years.

In terms of social activities, it is worth paying attention to planned systematic increase in the percentage of employees with disabilities in our organization. In the ERGO Hestia Group and its subsidiaries it is currently 3.6%. Additionally, the goal we have set for ourselves in the company's business strategy until 2026, is 6%. 2023 was abundant in employee training and education. The entire organization has been made familiar with the updated code of ethics and channels for reporting irregularities. We have developed a network of cooperation with insurance agents and brokers whose professionalism we consider to be the most reliable confirmation of our high-quality services and products.

In the area of insurance products, we focused among other on increasing the number of access channels to our own products and services supporting the transformation to a low-emission aware economy. Customers benefit from our intelligent warning and energy-saving systems. In addition, we have updated ESG criteria in the investment evaluation process as part of our offer. In the area of risk management, we consider the implementation of actions in the field of climate risks to be relevant. During the year, we conducted sensitivity analyses for the effects of climate change under scenarios examining the severity of catastrophic events and stress test of an increase in average temperature.

In the course of the double materiality assessment, we also performed a gap analysis that will help us continue to meet the requirements and expectations of our stakeholders and European Union regulations in the field of ESG. Our readiness to report on all ESRS standards is at a high level, but we are still identifying aspects that need to be developed.

Enjoy reading our ESG report. I hope it will confirm your belief that we are a trusted partner, employer, supplier and insurer of the health, life and property of our retail and business clients.

Dirk Christoph Schautes

Management Board Member at the ERGO Hestia Group

A handwritten signature in black ink, appearing to read 'Dirk Schautes', written in a cursive style.

ERGO Hestia Group

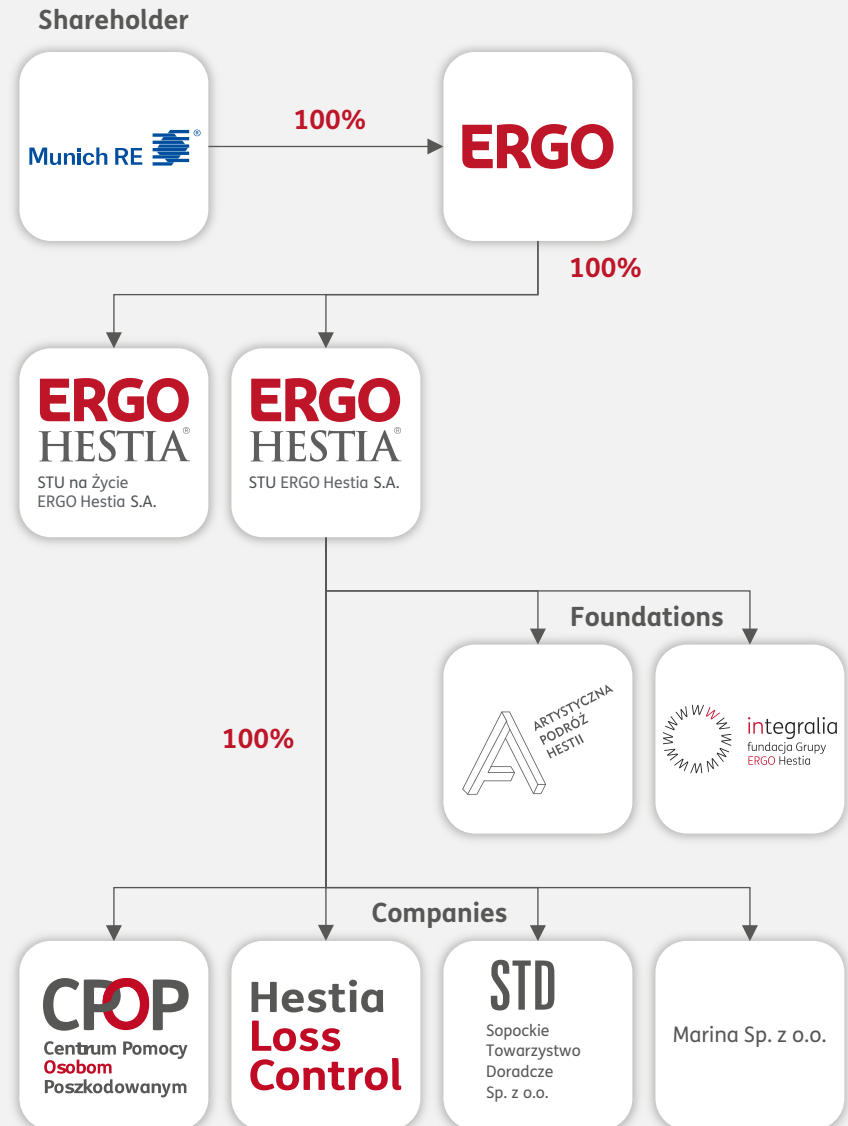
In Poland, the ERGO Hestia Group consists of two insurance entities, i.e. Sopockie Towarzystwo Ubezpieczeń ERGO Hestia S.A.* and Sopockie Towarzystwo Ubezpieczeń na Życie ERGO Hestia S.A. Its offer ranges from protection of property and life of natural persons to solutions tailored to the individual needs of large industrial enterprises and small and medium-sized companies.

Our strategic values are the following:

- The customer focus highlights the importance of building relationships based on trust, which is essential to success in the insurance industry.
- We strive to understand and meet customer needs through open dialogue and tailored solutions.
- Our specialized management approach and extensive network of agents and brokers provide strong support to our partners.
- Observing the principles of simplicity, quick response and modernity allowed us to achieve high standards of protection.
- Our business strategy is closely related to sustainable development, as reflected in the sustainable development strategy for 2022-2025.

* Sopot Insurance Companies ERGO Hestia S.A. has a total of 6 subordinate entities: Center for Assistance to Injured Persons Sp. z o. o., Hestia Loss Control Sp. z o. o., Sopot Consulting Society Sp. z o. o. and Marina Sp. z o. o. and the Hestia Artistic Journey Foundation and the Integralia Foundation.

Capital structure of ERGO Hestia Group



Key numbers of 2023

We are an insurance group that offers property insurance for individual clients and companies. Over 30 years of experience have guaranteed us a reputation as a trustworthy and reliable insurer providing high-class products and services.

Since the start of our business in 1991 we developed very dynamically, thanks to which we became the largest insurer established in a free market economy in Poland, with 235 dedicated standard points and cooperating with 3,901 insurance agencies. In 2023, we provided insurance services to over 3 million individual clients and thousands of enterprises, we cooperated with 4,053 suppliers and contractors, and employed nearly 3,000 people. Our gross written premium amounted to over PLN 9 billion gross, and the value of paid compensation and benefits expressed in gross amount was almost PLN 5 billion.

For many years, we have been successfully combining business activities with commitment to sustainable development and responsible business. In 2023, we allocated >PLN 5 million to initiatives implemented for local communities, and approximately PLN 3.6 million to sponsorship activities.

During the period in question, our employees spent a total of 1,922 hours on 30 volunteering activities. Nearly a thousand people were involved in the activities, reaching 1,244 beneficiaries.



3.3 m

customers

2,967

employees

3,901

cooperating
agencies

33 years

on the market

PLN 9.2 bn

of total gross written
premium

PLN 4.8 bn

of paid compensation and
benefits (gross)

4,053

suppliers and
contractors

PLN 5 m

allocated to local
communities' initiatives



Our achievements



Financial rating and cooperation with brokers: The Fitch agency assessed the financial strength (IFS) rating of ERGO Hestia at a high level of AA with a stable outlook. Once again, thanks to the votes of insurance brokers, ERGO Hestia won the title of "Best property insurer for companies". This is the 16th award of this kind, and a distinction granted by intermediaries.



Innovative solutions: we have become a market leader thanks to significant innovations, including the largest cloud transformation that modernized our product offering, and the secure delivery of documentation to customers using a durable medium based on blockchain technology.



Data quality: we took the first place in the rankings of the quality of data submitted to the Information Center of the Insurance Guarantee Fund.



Sales: we have improved our sales operations by updating the flagship ERGO 4 life insurance and ERGO 7 property insurance, introducing Agrocasco as the final stage of the implementation of ERGO Agricultural Insurance, and reorganizing the sales network to strengthen field units, increase partnership with agents and expand the intermediary network.



Certificates: we were one of the first in the European insurance market to obtain ISO 27001 (information security management system) and ISO 27017 (cloud information security) certificates. We are the only financial institution with an EMAS certificate in Poland.



ESG and organizational culture: our commitment to ESG was recognized by the first place in the 18th edition of the „ESG Ranking. Responsible Management” (formerly: Responsible Companies Ranking) and by the Gold and Green ESG Leaves of Polityka, the title of Super Ethical Company and the Leader of the ESG Banking & Insurance Forum. As an employer, we once again received the Top Employer, Great Place To Work and Diversity IN Check awards.

Double-materiality analysis – process description

As part of work on the 2023 Sustainability Report, we conducted the first double-materiality analysis in our organization.

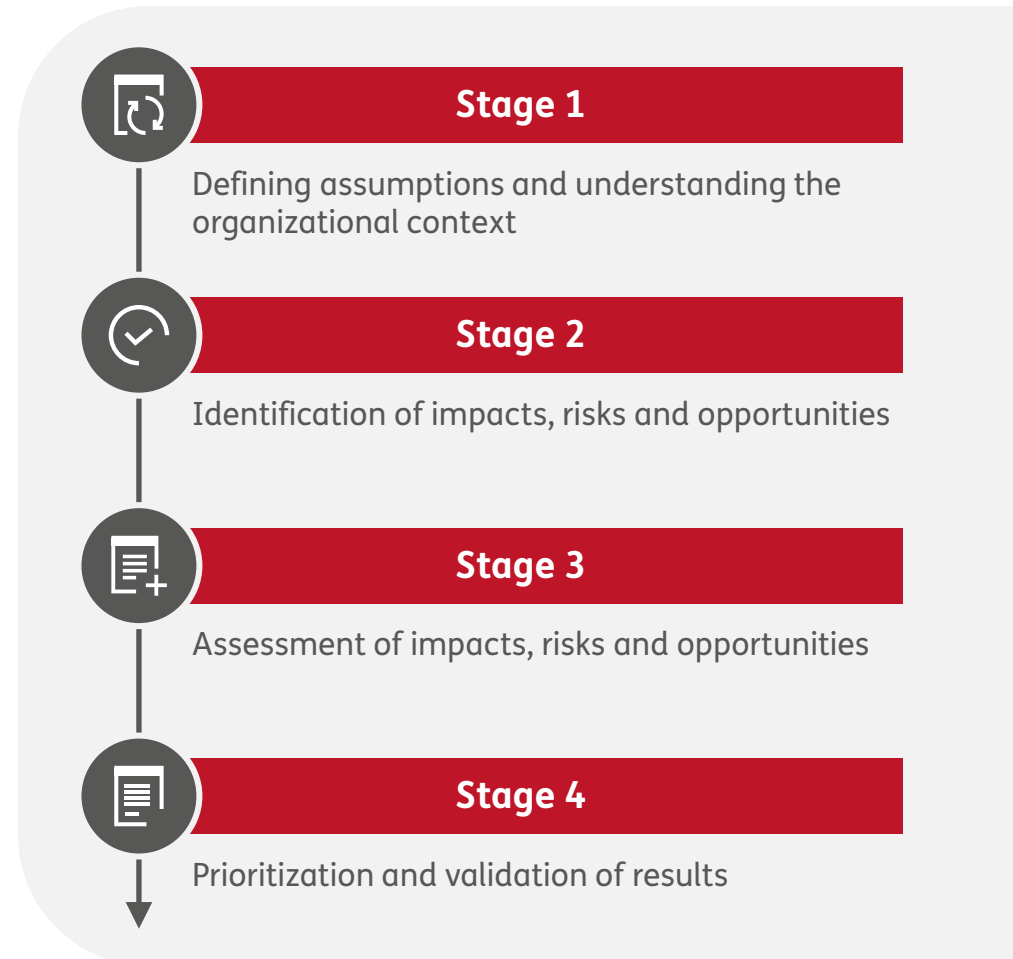
The process consisted of prioritizing ESG topics in terms of their materiality both in terms of impact on the company's financial value (outside-in perspective) and the company's impact on society and the environment (inside-out perspective) and consisted of 4 stages.

Stage 1 involved understanding the business to identify specific elements of the business model, define the scope of analysis, and define the value chain.

Stage 2 aimed to identify potentially significant ESG impacts, risks and opportunities (IROs) and to create a long list that would constitute the basis for further assessment.

Stage 3 consisted in the assessment of the materiality of the identified impacts (in terms of scale, scope, reversibility and probability of occurrence), ESG risks and opportunities.

Stage 4 allowed for the prioritization of the most important IROs and the presentation of the results of the entire analysis along with a justification for the list of material topics.



Key results of the double-materiality analysis

Conducting the double-materiality analysis process is the first step towards achieving compliance with the CSRD. This process has facilitated us defining which of the disclosure requirements listed in the European Sustainability Reporting Standards (ESRS) are relevant to us and therefore mandatory to disclose, and which we can omit.

The task was to develop a long list of identified IROs based on the analysis of topics raised during interactions with our stakeholders (dialogue session, market research, etc.) and the ESRS list. As a result of such activities, we identified 71 „I”s (areas of influence) and 61 „Rs”, „Os” (risks and opportunities). Then, we prepared a materiality matrix based on the assessment of the materiality of individual IROs, narrowing their list to the 27 most important ones.

ESRS reported by ERGO Hestia

ESRS	ERGO Hestia
ESRS 1 General requirements	✓
ESRS 2 General disclosures	✓
ESRS E1 Climate change	✓
ESRS E2 Pollution	-
ESRS E3 Water and marine resources	-
ESRS E4 Biodiversity and ecosystems	-
ESRS E5 Resource use and circular economy	-
ESRS S1 Own workforce	✓
ESRS S2 Workers in the value chain	✓
ESRS S3 Affected communities	-
ESRS S4 Consumers and end-users	✓
ESRS G1 Business conduct	✓

Number of significant impacts, risks and opportunities for ERGO Hestia



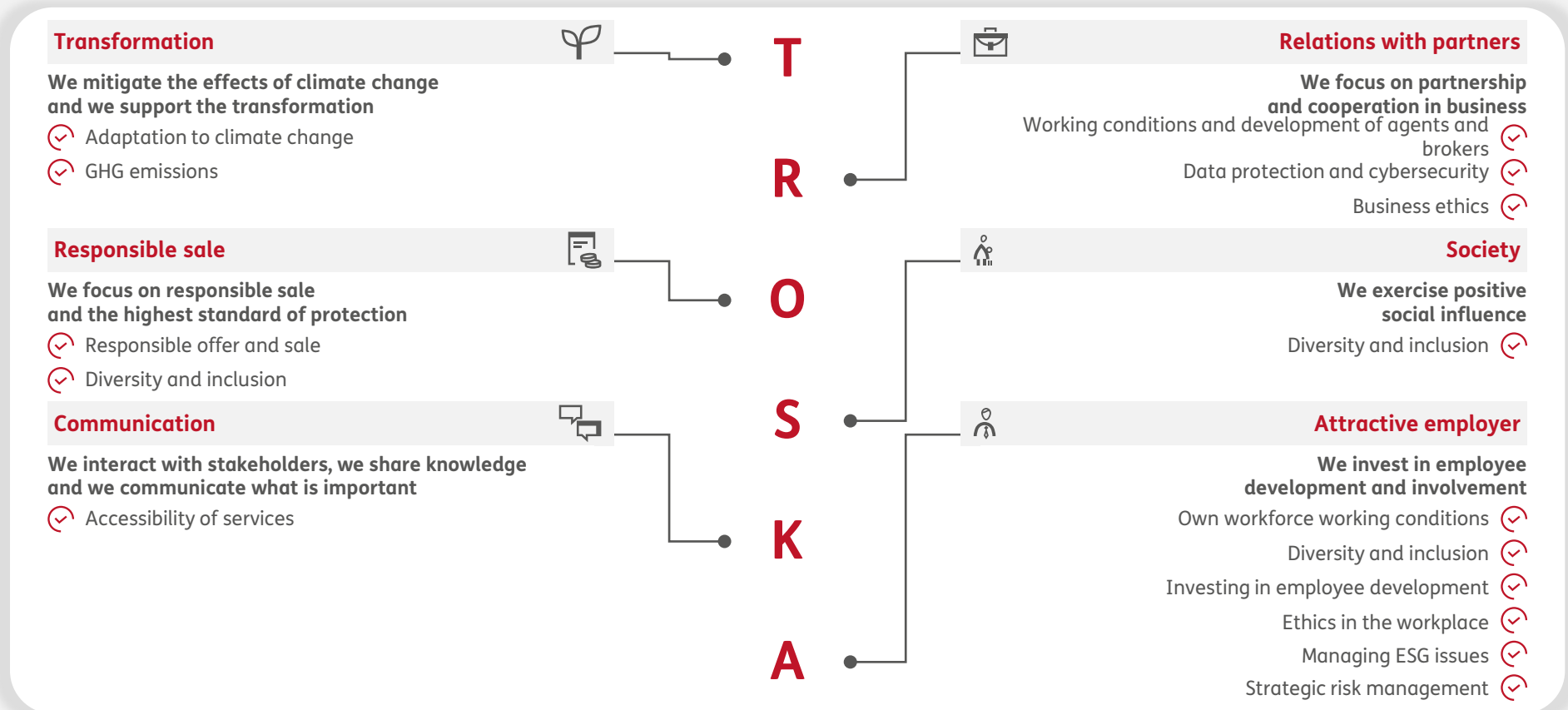
Material topics and key impacts

As a result of the double materiality analysis, by prioritizing ESG topics that are material both in terms of their impact on the company's financial value and the company's impact on society and the environment, we have designated 13 significant topics and identified and then assigned to them the key impacts that will be basis for the strategic management of ESG topics in our organization in the long term.

Climate change E1	Own workforce S1	Workers in the value chain S2	Consumers and end-users S4	Business conduct G1
<p>Adaptation to climate change - Climate change mitigation</p> <ul style="list-style-type: none"> ✓ Adaptation to climate change ✓ Climate change mitigation ✓ Development of offer 	<p>Own workforce working conditions</p> <ul style="list-style-type: none"> ✓ Employment stability ✓ Competitive remuneration ✓ Standard working time ✓ Family and free time ✓ Health and safety 	<p>Working conditions and development of agents and brokers</p> <ul style="list-style-type: none"> ✓ Taking care of the rights of employees in the value chain (insurance agents and brokers) ✓ Investments in the development of agents and brokers 	<p>Data protection and security</p> <ul style="list-style-type: none"> ✓ Data protection and cybersecurity 	<p>Managing ESG issues</p> <ul style="list-style-type: none"> ✓ Managing ESG issues ✓ Strategic partner of ESG transformation
<p>Climate change mitigation - GHG emissions</p> <ul style="list-style-type: none"> ✓ Emissions 	<p>Diversity, equality and inclusion</p> <ul style="list-style-type: none"> ✓ Equality ✓ Diversity development ✓ Workplace friendly to people with disabilities 		<p>Responsible offer and sale</p> <ul style="list-style-type: none"> ✓ Complaints and reporting irregularities ✓ Responsible offer and sale 	<p>Business ethics</p> <ul style="list-style-type: none"> ✓ Transparent whistleblowing system ✓ Preventing corruption
	<p>Investing in employee development</p> <ul style="list-style-type: none"> ✓ Investing in employee development 		<p>Accessibility of services</p> <ul style="list-style-type: none"> ✓ Reader-friendly communication ✓ No restrictions on access to services ✓ Barrier-free communication 	<p>Strategic risk management</p> <ul style="list-style-type: none"> ✓ Business risk management ✓ Investing financial resources taking into account ESG criteria
	<p>Ethics in the workplace</p> <ul style="list-style-type: none"> ✓ Ethics in the workplace 			

Key topics of sustainable development in relation to the CARE strategy

The final materiality matrix for key IRO's and material topics, which was created by prioritizing the results of the double materiality analysis, is consistent with our sustainable development strategy – CARE (TROSKA).



E
S
G

Environmental impact

Climate change

Climate change

We comply with European and local regulations whose aim is to strive to reduce CO₂ emissions from our portfolio and our own operations. We have not developed yet our own transformation plan. We plan to publish it by the end of 2026.

In 2023, we allocated over PLN 23 million for activities related to mitigating climate change. These funds were allocated to replacing the vehicles in our fleet to low-emission ones, to modernizing lighting and optimizing electricity consumption, as well as activities aimed at reducing water consumption. We have also modernized the IT infrastructure to make it more energy-efficient. Thanks to these activities, we reduced the consumption of electricity, fuel and paper, thus reducing our carbon footprint per employee.

In 2023, due to budgetary reasons, we did not implement the "EKO" certification program for business entities, that was supposed to be conducted in cooperation with Hestia Corporate Solutions (the program was moved to 2024) and we did not maintain the assumed level of results for the "Bicycle for Always" program - the number of vouchers transferred was lower by 14.5% than in 2022 (the reason was less interest in such a solution among customers).



In 2023, we reduced our environmental impact.
Thanks to the following actions, we reduced our carbon footprint by 20%
per employee compared to 2019.

Reduction in electricity
consumption by

20%

compared to 2019

Reduction in fuel
consumption by

12%

compared to base year

Reducing paper
consumption by

41%

compared to 2019

**EMAS /
ISO 14001**

certificates

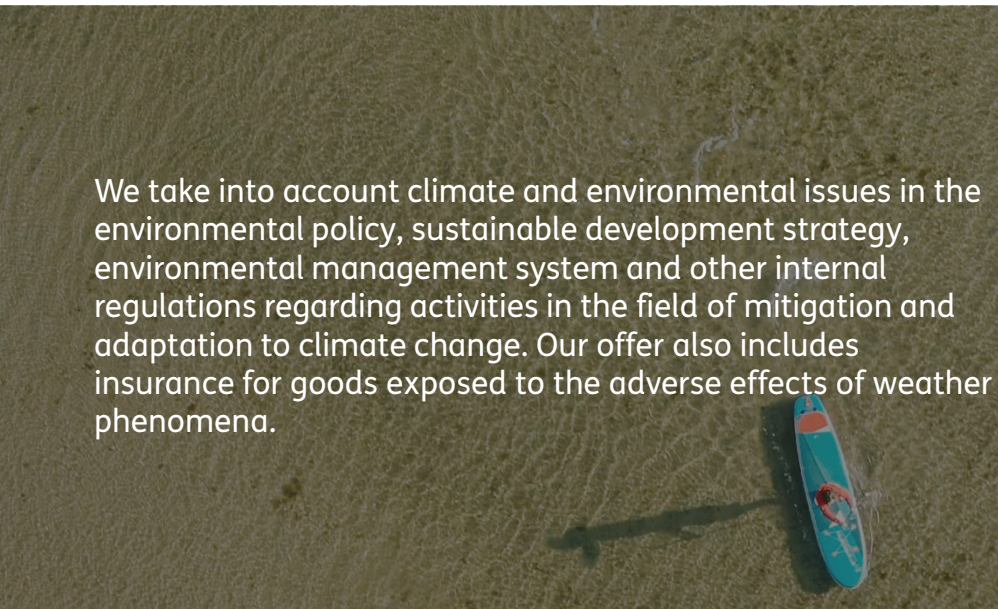
6,089

video inspections

32,417

number of times
employees commuted to
work by bicycle

Key environmental transformation goals comprised in the ESG strategy



We take into account climate and environmental issues in the environmental policy, sustainable development strategy, environmental management system and other internal regulations regarding activities in the field of mitigation and adaptation to climate change. Our offer also includes insurance for goods exposed to the adverse effects of weather phenomena.

Area	Goal	Goal status
Own activities	12% reduction in carbon footprint per employee by 2025 compared to 2019.	●
	Reduction in electricity consumption by 10% compared to 2019.	●
	Reduction of CO ₂ emissions from the fleet at the level of 3% compared to 2019.	●
	Reduced paper consumption by 35% compared to 2019.	●
Insurance portfolio	Developing claims handling in a sustainable manner (conducting 6,000 video inspections a year).	●
	Continuing the "Bike Forever" program and maintaining the results as in the previous year.	◐
	Continued promotion of the Green Recovery Clause: a total of 2,000 policies by 2025 (94% implementation).	◐
	Developing the Internet of Things solution: a total of 5,000 sensors by 2025.	◐
	Implemented EKO and ESG certification program for business entities, in cooperation with Hestia Corporate Solutions from 2022.	○
Investments	Implementation of ESG indicators in the investment evaluation process (including new company scoring).	●

● Attained

◐ Partially attained or In progress

○ Unattained

Climate-related risks

In 2023, we conducted sensitivity analyzes for the effects of climate change under scenarios examining the severity of catastrophic events in the event of an increase in average temperature and a scenario of transformation to a low-emission economy. The stress tests performed cover the most important areas of insurance activity and they are consistent with our risk profile.

Taking into account the complexity of the risks and the high degree of uncertainty in terms of the probability of occurrence and the significance of their impact on our activities, climate risks are identified and monitored as emerging risks.

Emerging risks are characterized by a high degree of uncertainty in terms of the probability of occurrence and the amount of losses that may potentially have a significant impact on us, hence the tests conducted focused on the real elements to be tested, taking into account the information and data available.

The Management Board undertakes to carry out activities related to mitigating changes in the environment, mitigating the effects of climate change and supporting transformation (including through activities aimed at reducing the carbon footprint in its own operational activities, developing the offer of products and services supporting the environment, taking into account ESG factors in insurance and investment risk assessment process, as well as education and support for initiatives to combat climate change).



Identified risks

Physical risks

- Extreme weather events
- Water shortage
- Increase in average temperature
- Environmental degradation

Transition risks

- Regulatory changes
- Technological developments

E
S
G

Social impact

Own workforce
Workers in the value chain
Consumers and end-users



Own workforce

People are the foundation of our organization - its success relies on them. They contribute essential resources such as labor, knowledge and skills that are critical to both day-to-day operations and long-term strategic goals.

We offer our employees stable employment, attractive pay conditions, development opportunities and a good team atmosphere. We strive to build lasting relationships with employees and co-workers based on mutual understanding and respect for diversity, enabling them to develop their careers within our organization.

This is best evidenced by the results - the ratio of women to men among our management staff is 50%, each employee receives over 30 hours of training, and almost 89% of employees are employed under an employment contract for an indefinite period. People with disabilities constituted 3.6% of employees in the ERGO Hestia Group and its subsidiaries.

In 2023, the adjusted pay gap was 4%¹ in favor of men (both in terms of base salary and total remuneration, i.e. base salary plus bonuses and awards). This is a better result both compared to the average in the European Union (12.7%) and on a national scale (4.5%)².

¹ Methodology: When calculating the pay gap, we take into account 12 months of salary broken down by gender, position level and organizational unit (adjusted pay gap).

² Source: <https://www.europarl.europa.eu/topics/pl/article/20200109STO69925/luka-placowa-miedzy-kobietami-a-mezczyznami-definicja-i-przyczyny>.

100%

people employed on the basis of employment contract

88.68%

people employed for an indefinite term

PLN 1,496.98

average amount of health expenses per employee

3.6%

employees are people with disabilities

* employed in the ERGO Hestia Group and its subsidiaries

1,922

hours devoted to volunteering

30.8 hours

of training per year per employee

4%¹

pay gap in 2023

2,967

employees

Own workforce and workers in the value chain

Our social impact comes from both our actions and our support for the well-being and diversity of the communities in which we operate, and includes employees, both direct and across the value chain.

In 2023, we were again on the list of employers in Poland most advanced in managing diversity and inclusion. As one of 11 employers, we obtained a result exceeding 80% of attainable score. The list was created based on the results of the 3rd edition of the Diversity IN Check study. We have received the Great Place to Work certificate, awarded on the basis of a survey conducted among employees regarding the company's organizational culture.

The number of agencies cooperating with us in 2023 was 3,901 (3,104 in 2022). Our value chain also includes 1,104 brokers (1,190 in 2022) and 62,555 cooperating natural persons performing agency activities (OFWCA) (69,019 in 2022).

This shows that building lasting relationships with our value chain is a priority and one of the key areas of our sustainable development strategy. Respecting the rights of agents and brokers, as well as our own employees, and engaging in dialogue and enriching their knowledge are an integral part of our approach.

The consequence of our activities is the title of "Best property insurer for companies" awarded to us for the 16th time, based on the votes of insurance brokers.

The Fair Play Award is awarded to insurers who comply with the principles of partnership cooperation with brokers. The winners are selected based on the results of anonymous surveys completed by brokers.



Consumers and end-users

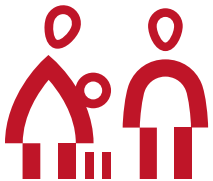
In our relationships with stakeholders: customers, employees, suppliers, business partners and competitors, we strictly adhere to ethical principles. We want to create products that meet customer needs and ensure that the way we communicate accounts for the requirements of various social groups.

We operate observing both legal regulations and social norms. We understand the key role of communication and the importance of our words, especially in the age of social media, where credibility can easily be lost.

We undertake many initiatives to ensure quality and safety in serving our customers, including: by organizing dialogue sessions with representatives of the world of science or conducting consumer education classes, we shape our offer to meet the needs of our customers reported during satisfaction surveys or dialogue sessions.

In 2023, we developed the Ethical and Responsible Communication Policy of the ERGO Hestia Group, based on the belief that everyone should have access to reliable information.

As a result of these activities, we develop safe and understandable products tailored to the expectations and needs of a broad range of customers.



0 reported

violations regarding information and labeling of products and services, as well as marketing communication

100%

agents who sell our products offered by the life insurance company have been trained in mandatory AML (Anti Money Laundering) aspects

In 2023

year, we implemented the Ethical and Responsible Communication Policy of the ERGO Hestia Group

We have obtained 2 certificates

ISO 27001 **ISO 27017**

regarding the data security management system

regarding cloud data security

Consumers and end-users

Improving the quality of service based on information about customer complaints is a key element of quality management in our company. Therefore, we systematically analyze complaints and improve service to increase customer satisfaction and build long-term relationships with them.

The continued increase in our NPS highlights our ongoing commitment to improving service levels and the adequacy of our insurance products.

We measure customer satisfaction through the Net Promoter Score (NPS), complaint and appeal rates, as well as research results included in the Financial Ombudsman's report.

We are also aware that not all cases have been completed to the satisfaction of our clients. We make every effort and take preventive actions to minimize the negative effects of such occurrences in the future. We introduce changes to the processes that are the source of complaints and use technology to automate them. We standardize service so that no one feels left out by us. We focus on the development of our agents and employees and simplify the language of our communication to avoid any misunderstanding on the part of our clients.

Our organization has a Customer Ombudsman, whose goal is to independently and amicably resolve disputes, and an Agent Ombudsman, who helps in difficult cases that require immediate action.

289 cases

handled by the Customer Ombudsman

610 cases

handled by the Agent Ombudsman

2nd place

in the report of the Financial Ombudsman

0.20%

complaints rate

(the ratio of the received complaints to the number of sold policies)

0.78%

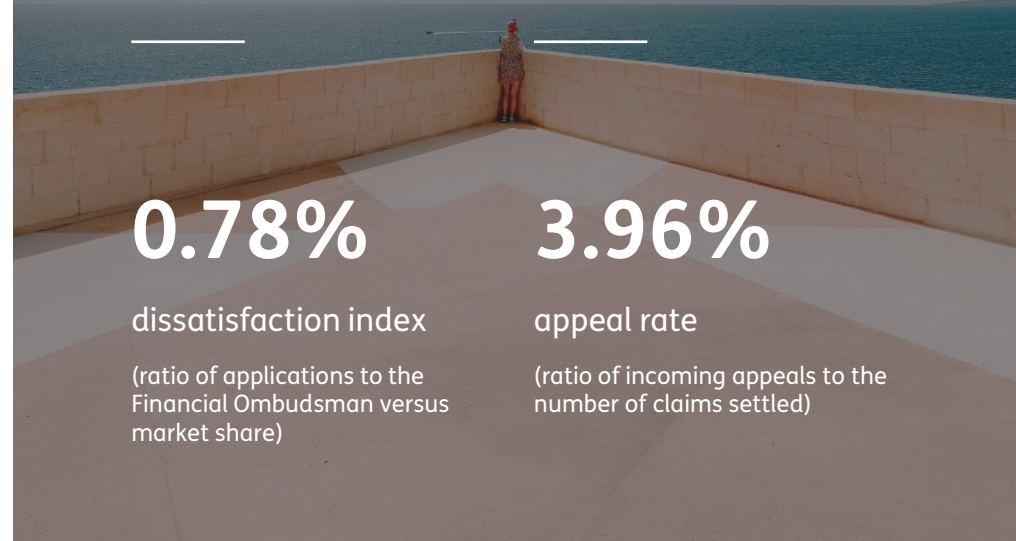
dissatisfaction index

(ratio of applications to the Financial Ombudsman versus market share)

3.96%

appeal rate

(ratio of incoming appeals to the number of claims settled)



E
S
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Responsible
management

Business conduct



Business conduct

Being aware of our responsibility for the environment as a leading insurance company in Poland, we strive for the highest standards of operation of our organization and our partners. That is why we constantly improve our corporate culture and share many years of experience in the ESG area.

In 2023, we undertook new and continued activities under numerous initiatives in the field of sustainable development. We implemented the obligations arising from membership in the United Nations Global Compact, thus confirming our commitment to acting for the benefit of the society, the environment and to be a responsible business.

We carried out activities as part of the SDGs Partnership "Together for the Environment" and the Responsible Business Forum, supporting the promotion of the idea of sustainable development, and we maintained the EMAS certificate awarded for an effectively implemented environmental management system.

For the activities conducted in 2023 in accordance with the principles of sustainable development and responsible business, we received, among others: 1st place in the 18th edition of the ESG Ranking. Responsible Management and the Golden and Green ESG Leaves awarded by Polityka magazine.



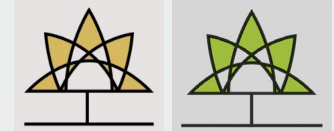
Our excellent corporate culture in 2023 is confirmed by the following awards and activities undertaken as part of these initiatives:

We took first place in the 18th edition of the ESG Ranking. Responsible Management



(formerly: Responsible Companies Ranking)

We won Polityka's Golden and Green ESG Leaves



We have maintained the EMAS certification



We continue to partner with such organizations



Global Compact
Network Poland



In partnership with
UN Environment
Programme



FORUM
ODPOWIEDZIALNEGO
BIZNESU

We implement obligations arising from the adoption of the Responsible Sales Declaration



Deklaracja
Odpowiedzialnej
Sprzedaży

We are an active member of the Climate Leadership initiative



Managing ESG issues

Managing ESG issues is extremely important for our organization because it is the foundation for taking effective and systematic actions in the area of sustainable development. Therefore, we have a comprehensively developed corporate culture, led by the Business Strategy "The Power of Information and Community", the Munich Re Group's "Ambition 2025" Strategy and the ERGO Hestia Group's Sustainable Development Strategy for 2022-2025 "CARE".

The most important rules of conduct reflecting our values have been written down in the Code of Conduct for Employees (Code of Ethics) and the Munich Re Group Code of Conduct, which apply to all employees, including management staff and top management.

We have also implemented and we apply the Code of Conduct for Suppliers and Contractors and other numerous internal regulations that help us properly manage the ESG aspects in the organization.

In 2023, we continued to follow the principles set by the Responsible Sales Declaration, and we were members of the Business and Human Rights and Climate Positive programs, which allowed us to gain further experience and improve our management structure.

 **99.5%**

Percentage of employees who were trained in the Code of Ethics during the reporting period.

 **92%**

Percentage of new suppliers and contractors who have signed the Supplier and Contractor Code of Conduct.

What areas does our Code of Ethics cover?

Business conduct

Cooperation with clients and partners

Financial management

Human resources management

A responsible and sustainable approach to business operations

Business ethics

Our Group is subject to numerous legal requirements to protect whistleblowers and prevent allegations or incidents related to corruption and bribery.

We have a zero tolerance policy towards all cases of corruption and other financial abuses.

In order to fulfill the obligations arising from the applicable regulations, since 2008 we have been introducing and improving our transparent whistleblowing system.

The system consists of mechanisms for identifying, reporting and investigating doubts and potential violations related to illegal behavior, behavior contrary to the Code of Ethics and other internal regulations.

Preventing such incidents is also part of our Code of Ethics.

One of the basic elements of conducting business in an ethical manner is acting in accordance with the law, and thus preventing adverse events.

The basic tool for preventing allegations or incidents related to corruption or bribery is a coherent, clear and systematic training system based on the principles resulting from our corporate culture and generally applicable law.

In 2023, over 99% of people identified in the organization as people holding positions at risk completed training in counteracting corruption and bribery. During this period, no incident related to corruption or bribery was reported in our organization.

**0**

the number of reported incidents related to corruption or bribery and public law proceedings regarding corruption or bribery brought against the company and its own employees.

**99.1%**

the percentage of employees who completed training in the field of counteracting corruption and bribery, identified in the organization as people holding positions exposed to risk in this respect.

Strategic risk management

Our organization has a risk management system that is integrated with organizational structures and decision-making processes, including people performing key functions.

Each company is responsible for implementing processes aimed at identifying, assessing, controlling and monitoring the risks to which we may be exposed at the individual and aggregate level.

We are obliged to invest funds in accordance with the prudent investor principle, specified in Art. 276 of the Act of September 11, 2015 on insurance and reinsurance activities. Therefore, we invest financial resources only in financial assets and instruments whose risk we can properly determine, measure, monitor and manage.

We have implemented and we apply the Responsible Investment Guidelines, which set out objective requirements that allow us to undertake investment processes taking into account the ESG criteria.



**Our goal is to increase
the share of investments
supporting sustainable
development in the asset
portfolio in line with the
Munich Re Group
commitment**

ERGO
HESTIA®

The non-abbreviated sustainability report can be downloaded [HERE](#)

