



The Art of Doing Business at Hestia

Care

A thick, horizontal red brushstroke underline that starts under the word "Care" and extends to the right, ending with a slightly irregular, hand-painted edge.

Integrated Sustainable Development Report
of the ERGO Hestia Group for 2022

Published 20.09.2023

This English language translation has been prepared solely for the convenience of English-speaking readers. Despite all the efforts devoted to this translation, certain discrepancies, omissions or approximations may exist. In case of any differences between the Polish and the English versions, the Polish version shall prevail. ERGO Hestia, its representatives and employees decline all responsibility in this regard.

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Chapter 1

Opening letters



Letter from the President of the Management Board of the ERGO Hestia Group

[GRI 2-22]

Dear Stakeholders,

The past year was a time of transformation for the ERGO Hestia Group. Dynamically changing business and economic environment, technological progress, climate threat and the situation in Ukraine have affected the entire market. It is natural that these phenomena have also affected our operating activity, placing before us the challenges that we had not encountered before.

Despite the immense challenges related to the global macroeconomic and political situation, sustainable development, which we have consistently implemented in all areas of our operations, was one of the Company's key strategic objectives in 2022. Against a backdrop of events related to war, rising inflation, interest rate changes and political and economic turmoil, the ERGO Hestia Group remained stable.

As of 31 December 2022, Piotr Maria Śliwicki stepped down as the President of the Management Board of the ERGO Hestia Group, having built up the organisation continuously, since the very beginning, for 31 years. As the new Management Board President, I am very impressed with the Company's achievements, in business and sustainability terms, in the spirit of Agenda 2030.

We had to prepare carefully for the change in leadership. We are an organisation that is responsible for its surroundings – for its employees, customers, agents, brokers and suppliers. Therefore, we have been carrying out all the planned modifications in dialogue with those stakeholders. The comfort of our activities was guaranteed by the Company's Business Strategy titled "The Power of Information and the Power of Community" adopted for the years 2021-2023 in which synergies create market advantage. Based on the strategy, we link the analytical potential of information resources and the competences of employees with their motivation and commitment. This combination also gives ERGO Hestia the balance and justifies boldness in making unorthodox decisions.

In a volatile and uncertain environment, ERGO Hestia managed to maintain a significant position in the Polish property insurance market and was recognized for the 15th time by the Polish Association of Insurance and Reinsurance Brokers as the best corporate insurer in the property insurance category.

Gross premiums written by the ERGO Hestia Group rose from PLN 7.8 billion in 2021 to PLN 8.2 billion. This is evidence of business stability and well-assessed risks. The non-life company recorded gross written premium of PLN 7.7 billion, or 3.5% more than in 2021. The life company, on the other hand, grew by 12%, closing the year with gross written premium of PLN 497.5 million. The Group also achieved a solid net profit of PLN 263 million in the non-life company and PLN 33.6 million in the life company, keeping up the high profitability and technical result. Last year, we were ranked first in the Insurance Guarantee Fund's Reliability Ranking.

These accomplishments are certainly something to be proud of, but they also motivate us to continually improve and meet the challenges of a changing marketplace, in harmony with the environment and the communities of which we are a part, both as a company and as ordinary citizens of the world.

The activities described in this report are a bold step towards the transformation of our company in the area of ESG. Last year, after many months of work, we introduced the Sustainability Strategy for 2022-2025, with the concept created based on the intention guiding all our undertakings, which is CARE (in Polish: TROSKA). The first letter of this word is also the first letter of the word "transformation", which is taking place at many levels in the areas of investments, insurance portfolio, and our own activities. We have

set ambitious goals for ourselves in our pursuit of carbon neutrality; we are undergoing international certifications and audits, improving processes and minimizing our environmental footprint. The Hestians, our employees at all levels, are ambassadors for these important undertakings, regardless of the type of work they do.

Please read the TROSKA Report, which also features art in addition to other broadly described activities of the ERGO Hestia Group. The Hestia Artistic Journey Foundation, established in 2014, completed the competition for young artists that had been held for two decades. On this occasion, an exhibition entitled "Bujność. Atlas nieskończonych możliwości" [Exuberance. Atlas of Infinite Possibilities] was held in the National Art Gallery in Sopot. The anniversary of the Hestia Artistic Journey Foundation inspired us to browse through its collection and use the art to illustrate this report. These are examples of young art that also emphasize transformation: artistic, economic, in terms of ideas.

I hope that all readers will find this report to their satisfaction.

Artur Borowiński

President of the Management Board of the ERGO Hestia Group





Letter from Management Board Member

[GRI 2-22]

Dear Stakeholders,

The concept of ESG (Environmental, Social and Corporate Governance) has been on everyone's lips and minds for several years. Previously, it was pretty much just a fad or a discretionary decision of one organization or another to take sustainability principles into account in the conduct of their business. Today's ESG-related legislation adopted by the European Union along with applicable standards leave no room for doubt: indeed, as a business, we do affect our environment and for this reason we must obey the rules. Why is that? To bring to a halt the gradual and irreversible changes taking place across the world and to minimize their adverse consequences using available financial tools and instruments. Do we have to do it? We at ERGO Hestia want to do it and we have been doing it for many years. From a management viewpoint, the question often arises: is it going to pay off? What does the customer, partner or investor know about sustainable growth? It turns out that putting an emphasis on the adoption and consistent pursuit of the ESG strategy is currently crucial to improving a company's competitive position on the market. A business that cares about its environment and is responsive to social and environmental challenges normally does not have to fear a loss of reputation or trust from stakeholders, meaning that it has no need to worry about its future financial stability or prospective growth.

We are among the leaders of Poland's insurance market. Currently, the biggest challenges we are facing are climate change and social transition. Our industry has a special role to play in this context. On one hand, we underwrite climate risks as part of our business, education, certification and mitigation of our own impact, but we also contribute to the bigger cause by offering products and services that provide our customers with security. Last year, we rolled out a sustainability strategy, integrated with our "Power of Information and Community" Business Strategy. It rests on six pillars, contained in the concept of TROSKA [Polish for "care"] (T as in transition [Polish: transformacja], R as in relations with customers and business partners [Polish: relacje z partnerami], O as in responsible [Polish: odpowiedzialna] sales, S as society [Polish: społeczeństwo], K as in communication [Polish: komunikacja] and A as in attractive employer [Polish: atrakcyjny pracodawca]).

In the area of environmental transition and mitigating the effects of climate change, we have set ourselves ambitious goals. We take action to achieve climate neutrality based on our objectives and the Ambition 2025 strategy adopted by our reinsurer, Munich Re, in order to be a factor in achieving the goals defined by the Paris Agreement and keeping the global temperature increase below the 2°C mark. The goal of the ERGO Hestia Group until 2025 is to reduce our carbon footprint per employee compared to the 2019 base year by 12%. Our last year's performance bears witness to us being on the right track to fulfill this commitment. Once again, we were subjected to a multi-stage verification process and kept our EMAS (Eco-Management and Audit Scheme) certificate, which confirms that our environmental management system satisfies the highest applicable standards.

The pursuit of climate neutrality in a manner that involves not only our company, but also our customers, suppliers and business partners remains a challenge. To reflect this, we at ERGO Hestia refine our GHG methodology (for carbon footprint calculations) on an annual basis; in 2022, we expanded our calculation to include scope 3*. We intend to deploy subsequent aspects of ESG that will enable us to assess the risks following from our commitments and enhance the optimization of our supply chain. We are ready to adopt the updated Code of Suppliers, containing 10 UNGC principles as its integral part, in terms of necessary processes, measures and responsibilities. Our guidelines will also refer to the basic requirements for

* Scope 3 includes all other indirect emissions occurring in the organization's value chain, that is greenhouse gas emissions that the organization may affect, but does not control.

compliance with human rights applicable to suppliers and will specify how we deal with threats related to human rights in our business activity.

In the insurance area, we take ESG risk into account and develop information platforms and educational programs for our staff. We make use of a map of areas threatened with a water deficit and our experts are analyzing potentially affected industries in this context. Noteworthy, in 2022, our Group joined the Taskforce on Nature-related Financial Disclosures (TNFD) initiative. We keep developing our claims handling operations in a more sustainable and environmentally friendly manner. Our AutoWycena 2.0 app has a new feature: remote visual inspection, which accelerates the claims handling process and at the same time reduces financial and environmental costs. In turn, in our Bike to Keep program, we offer our customers a premium bike for use instead of a substitute vehicle during the repair.

Last year, we largely focused on educational activities targeted at our partners. We held information campaigns for brokers and insurance agents, focusing on issues that are certain to exert a huge impact on business in the near future, such as European Union ESG regulations, related factors in risk assessment and IoT solutions.

By the end of 2023, our goal is also to swell the share of sustainable investments in our asset portfolio. Along with our in-Group and external asset managing entities, we are constantly improving our strategy of sustainable investing tapping into the know-how of experts in this area. Through the Guidelines of Responsible Investing, we integrate ESG criteria with our decisions in this respect.

In the social context, we focused our attention on implementing the concept of inclusiveness, which we are pursuing hand in hand with the Integralia Foundation. At the end of 2022, our share of employees with disabilities stood at 3.4% (102 employees). This result is one of the highest among all financial institutions in Poland. Given the fact that in Poland some 70% of people with disabilities remain unemployed, we still have a lot to do to make good use of these resources. Which is why the Integralia Foundation launched a national program called Able Internship, the first edition of which was already joined by large organizations open to hiring individuals possessing specific competences, regardless of the type or nature of their disability. Last year, we aligned our key products for retail customers and information on our website with the needs of people with visual and hearing impairments. Moreover, we keep training our staff in team cooperation with individuals of different needs.

In accordance with our Sustainability Strategy, we do our best to be considered an attractive employer – we invest in the development and support of our staff and their involvement in all our ESG activities. Our ambition is to build a friendly workplace conducive to personal and professional development, so that our employees have the proper conditions for growing and utilizing their potential and knowledge, creating products and services of the highest quality. Our endeavors are confirmed by the outcomes of internal engagement surveys and are appreciated by outsiders. In 2022, ERGO Hestia was once again awarded a Great Place to Work certificate and received a Top Employer award. Also, last year, we once again were listed first among Polish insurance companies in the ranking of responsible companies and we moved up to second place in the general ranking. We received Polityka's Silver CSR Leaf and for the second time in a row we found

ourselves on the list of the most advanced organizations in the management of diversity and integration of employers in Poland – an outcome prepared based on the Diversity IN Check study.

You are welcome to read more about our employees, Hestians, and their achievements in this report, but I cannot fail to mention the huge support that our employees provided to victims of the war in Ukraine. We took care of 250 people living near our Head Office in Sopot. Our employees not only helped Ukrainian citizens, but also supported each other. Shortly after the outbreak of the war, we started funding short-term third-party liability insurance for all refugees coming to Poland from Ukraine. We considered it important as an insurer to provide help also by donating our own products – a guarantee of security. Furthermore, through our Hestia Artistic Journey Foundation, we executed a project called Mother's Dream, which was focused on children, the youngest refugees from Ukraine. Workshop participants, under the guidance of experienced animators, developed their talents and creative thinking abilities by engaging in the production of artwork to let them forget for a moment about the traumatic experiences of the war.

I hope that my introduction has aroused your curiosity and encouraged you to learn the details of our last year's achievements. Here is our TROSKA Report for you.

Dirk Christoph Schautes

Member of the Management Board



Chapter 2

Key information about the ERGO Hestia Group

The ERGO Hestia Group is used in this document as a name equivalent to the following insurance companies: Sopockie Towarzystwo Ubezpieczeń ERGO Hestia S.A. and Sopockie Towarzystwo Ubezpieczeń na Życie ERGO Hestia S.A.

The term “ERGO Hestia Group” used in this report is not equivalent to the term “Group of Companies” or “Capital Group” within the meaning of the Commercial Company Code.

*The presence of art in business
is an attempt to reach a paradigm
that is alien to corporations.*

Business profile

[GRI 2-6]

We are pioneers and creators of the most innovative solutions in the insurance sector. For more than 30 years, we have remained a trusted and reliable partner for businesses and individuals, offering products and services of top quality.

2.7 million

individual clients

311 thousand

insured businesses
and corporations

The sole shareholder of the ERGO Hestia Group's insurance companies is ERGO International AG, with its registered office in Düsseldorf, which is part of the ERGO Group AG, an international insurance conglomerate owned by a leading global reinsurer (Munich Re), whose operations cover the entire value chain of reinsurance services. It offers primarily insurance products and solutions used to manage insurance-related risks. You can learn more about both companies on their respective websites:

- www.ergo.com/en/Unternehmen/ERGO-International
- www.munichre.com/en

The full list of entities comprising the ERGO Hestia Group is presented in Chapter 4. Governance.

The offer of Sopockie Towarzystwo Ubezpieczeń ERGO Hestia SA and Sopockie Towarzystwo Ubezpieczeń na Życie ERGO Hestia SA includes a full range of property and life insurance products for individual customers as well as insurance for the industry and small and medium-sized enterprises.

Offer of Sopockie Towarzystwo Ubezpieczeń ERGO Hestia SA

- 1.** Accident insurance, including workplace accidents and occupational disease.
- 2.** Sickness insurance.
- 3.** Hull insurance for land vehicles, except rail vehicles.
- 4.** Hull insurance for rail vehicles.
- 5.** Hull insurance for aircraft.
- 6.** Marine and inland waterway insurance.
- 7.** Insurance of objects in transport, covering damage to transported objects, irrespective of the means of transport used.
- 8.** Insurance against damage caused by the elements, covering damage to property not included in classes 3 to 7.
- 9.** Other damage to property (if not included in classes 3, 4, 5, 6 or 7), caused by hail or frost and other causes (such as theft), if these causes are not included in class 8.
- 10.** Liability insurance of all kinds arising out of the ownership and use of self-propelled land vehicles, including carrier's liability insurance.
- 11.** Liability insurance of all kinds arising out of the ownership and use of aircraft, including carrier's liability insurance.

Offer of Sopockie Towarzystwo

Ubezpieczeń na Życie ERGO Hestia SA

- 1.** Life insurance.
- 2.** Marriage assurance, child assurance.
- 3.** Life insurance, if linked to an insurance capital fund, and life insurance where the benefit of the insurance company is determined on the basis of specified indices or other underlying values.
- 4.** Disability insurance.
- 5.** Accident and sickness insurance, if complementary to insurance listed in groups 1-4.

- 12.** Marine and inland waterway liability insurance arising out of the ownership and operation of inland waterway vessels and seagoing vessels, including carrier's liability insurance.
- 13.** Liability insurance (general liability insurance) not included in classes 10 to 12.
- 14.** Credit insurance.
- 15.** Insurance guarantee.
- 16.** Insurance of various financial risks.
- 17.** Legal protection insurance.
- 18.** Assistance insurance for persons who get into difficulties while travelling or while away from home.
- 19.** Crop and farm building insurance.

Insurance products are offered under 4 brands:



ERGO Hestia
ERGO Hestia offers comprehensive non-life and life insurance for individual and corporate clients.



MTU
MTU offers simple and flat-rate motor and property insurance at a competitive price, targeted at individual customers.



mtu24.pl
Mtu24.pl is a modern form of sales, offering all available options for our clients to purchase insurance over the phone and online.



You Can Drive
It is a brand of dedicated web-based sales of property insurance. It is the only offer on the market of insurance products created especially for people under 30.

Our business model

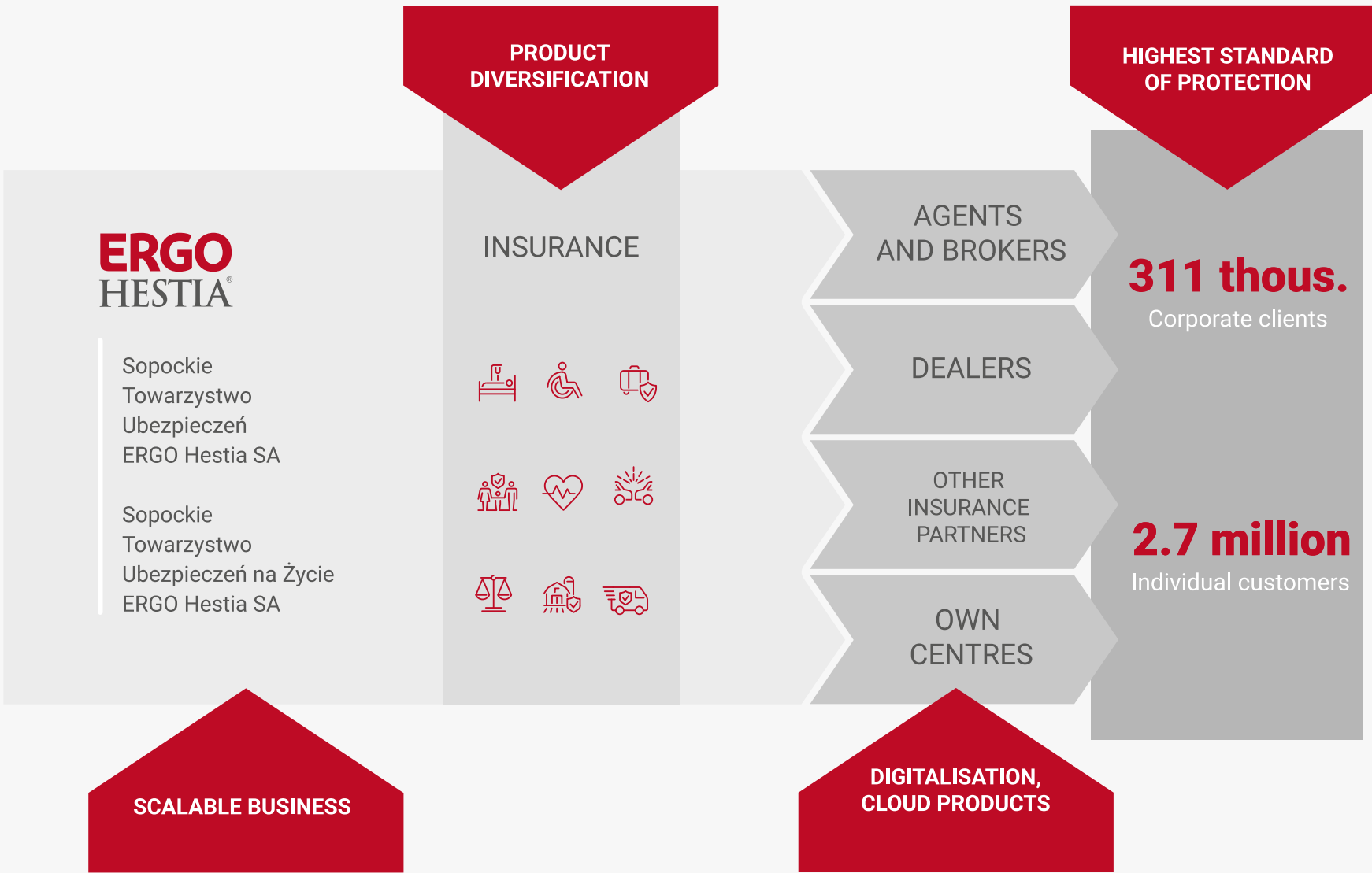
[GRI 2-6]

Our insurance business model rests on two pillars. One is **diversification**, which applies to both corporate and personal products. It enables us to reach retail customers with an offer that is perfectly tailored to their life stage and needs. For business customers, diversification means being able to match every aspect of their business with specialized and sophisticated insurance products from a trusted provider. A broad product catalogue supports our stability and predictability of performance, which is especially important in times of economic turmoil and uncertainty. Diversification supports our efforts to maintain the ability to scale our business, making us a fast-reacting organisation.

The second pillar is the **Highest Standard of Protection**, which is demonstrated by the high quality of service provided during the identification of customer needs, post-sales, and at the claims handling stage.

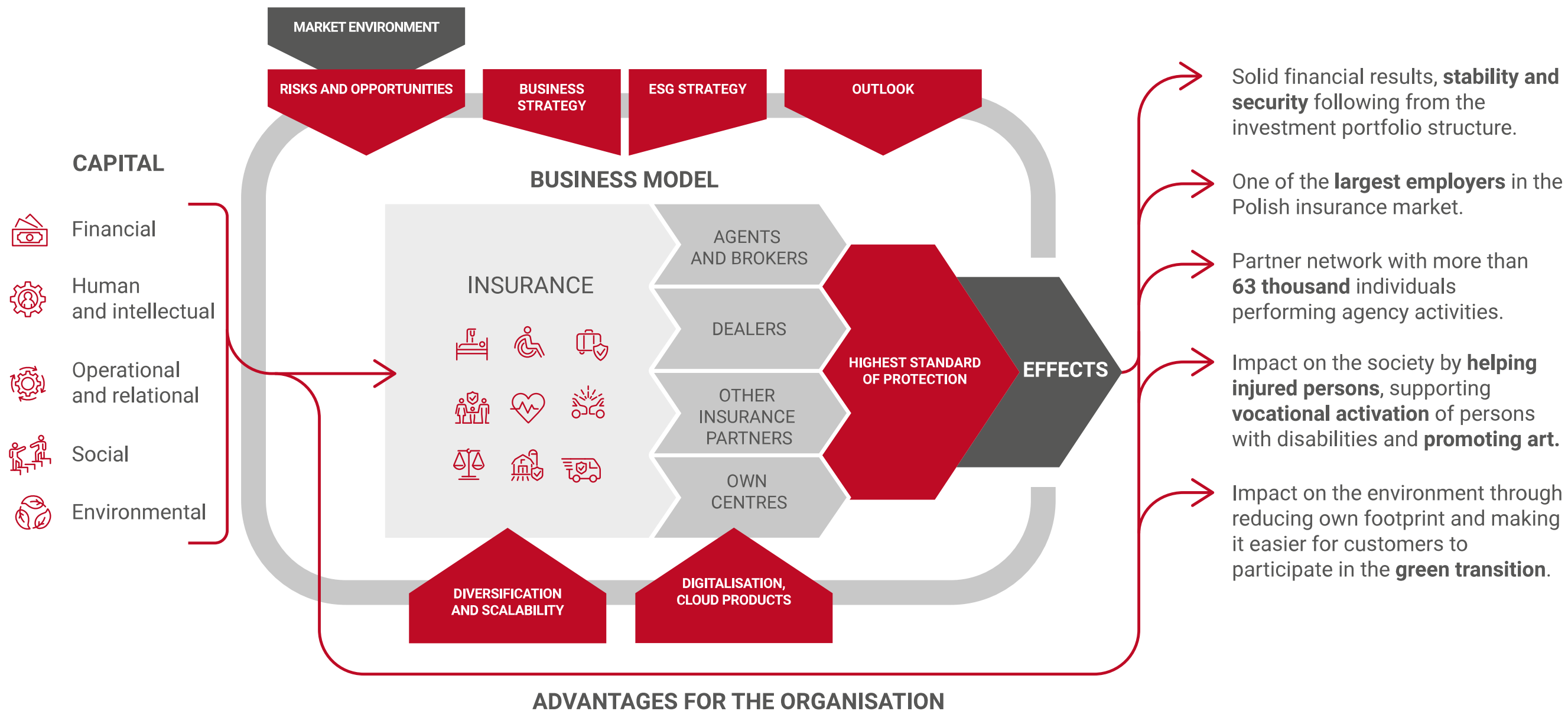
The efficiency of reaching customers and the quality of service are determined by the distribution channels - both internal (a network of 311 Standard and Branded Points and digital service channels) and based on a network of agents, brokers and dealers. All of these points of direct interface with the users of our products are supported by technology. Digital transformation, the most spectacular element of which is the process of moving services to the cloud, improves our efficiency, minimizes errors, and is also an effort we are making for our business partners.

There were no material changes in the activities, value chain and business relationships of the ERGO Hestia Group in 2022 compared to the previous reporting period.



How we create value

[GRI 2-6]



As one of the leading insurance companies in Poland, we attach great importance to analysing how our operations impact key stakeholder groups. Since 2020, we have published detailed reports on our social and economic impact.

We know that the success of the organisation depends on the different forms of capital we use. We treat them as storages of value, which become an important contribution to our business model.

We take steps to increase their value, also by planning investments in individual capital types.

Detailed information on our impacts are presented in Chapter 5. Our areas of impact. Below we provide key information on capital.

Financial capital

We define financial capital as the sum of funds entrusted to us by customers, financial resources provided by shareholders and bondholders, and the profit generated from our insurance business.

It is fundamental capital that allows us to maximise our efficiency while ensuring high levels of liquidity and safety and profitability of invested funds. Strengthening this capital enables us to provide responsible and sustainable insurance products and services.

Key data for 2022:

We achieved net profit of **PLN 296.5 million**

Over 3 million individual customers and corporate customers served in Poland

More than PLN 4.2 billion in gross claims and benefits paid out

PLN 535 million paid to the Polish state budget from taxes and other charges

Stakeholder effects

The basis of our business is to offer high quality insurance and unit-linked products that provide security for our customers. A significant part of our portfolio consists of products sold in the individual customer segment.

We are developing a range of products and services in line with the idea of sustainable development in order to support environmental protection and adaptation to climate change even more effectively. We are taking steps to include ESG metrics in the risk and investment assessment process.

We invest funds in accordance with the prudent investor principle in secure deposits, in particular in Treasury debt instruments. We develop our portfolio structure to ensure high liquidity, while seeking to maximise the security and profitability of invested funds.

Contribution to the SDGs



Human and intellectual capital

[GRI 404-1]

The ERGO Hestia Group consists of almost 3 thousand employees, thanks to whom we have the ability to set trends on the Polish insurance market, build lasting relationships with our partners and offer products of the highest quality. Building an innovative organisation is one of the key objectives of our Business Strategy entitled “The Power of Information and the Power of Community”. An important area of human and intellectual capital development is helping Hestians build unique competencies that can be used to streamline processes and develop our product offering. We are investing in Internet of Things (IoT) solutions, organising dedicated bootcamps for Hestians and developing training opportunities at the expert and management levels.

Key data for 2022:

32 h* is the average number of training hours per active employee

15% promotions among women and men in the Group

50% managerial posts held by women

Certificates: Top Employer Polska and Great Place To Work®

80% of the robots automating the company’s processes were created by bootcamp graduates.

Stakeholder effects

As one of the largest employers in the Polish insurance market, we are committed to the development of Hestians in a friendly environment. Our activities for employees are focused on three pillars: development, health and company life. Employees can take advantage of an extensive package of non-financial benefits, which also benefit their family members (such as e.g. a kindergarten or a day-camp for children).

At the same time, we ensure the development of the ERGO Hestia Group’s structures, cooperation between departments, opportunities to develop skills or programmes to change job profiles. All to enable Hestians to make the most of their skills, without restricting their career choices.

This translates into the development of solutions that we implement at the level of customer service and the creation of our product offering, providing solutions based on the latest technologies.

Contribution to the SDGs



Operational and relational capital

We are constantly working to improve the quality of our products and services in order to maintain the Highest Standard of Protection. This is made possible by our commitment to maintaining good relationships with our business partners. It is them who communicate with customers directly through digital channels, as well as in person at Standard Points and Branded Points. As a result, we are able to offer products that are tailored to the current needs of our customers. We were the first insurer in Poland to sign the Declaration of Responsible Selling, confirming our commitment to the high standards that guide us in our daily work.

You can read the Declaration of Responsible Selling at odpowiedzialnasprzedaz.pl.

Key data for 2022:

Fair Play Award, awarded to us for the 15th time for professionalism in cooperation with insurance brokers

38.5 points NPS rating, which indicates the level of customer loyalty (up by more than 12 p.p. y/y)

63,172 cooperating natural persons performing agent activities (OFWCA)

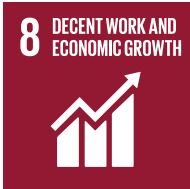
* Inactive employees are those who do not work for a minimum of 25 consecutive days, such as due to parental leave, parental, maternity, paternity, sick leave, etc. Other employees are active employees.

Stakeholder effects

By nurturing relationships with our business partners, we build a positive image of and trust not only for the ERGO Hestia Group, but also for the insurance industry as a whole. We can achieve this by offering substantive support to agents and insurance advisors (Agent Network Certification Programme and ARGO programme) and through the incentive system (iPunkt application).

By closely monitoring the market, we are able to offer the most appropriate services and products with the Highest Standard of Protection. We are constantly modifying our offer to suit the real life and professional situation of our customers. Every year, our NPS indicator increases, indicating a continuous improvement in the level of service and relevance of the insurance products we offer.

Contribution to the SDGs



Social capital

We define social capital in terms of our social engagement and cooperation with our surroundings, with particular emphasis on our relationship the local community and the residents of Sopot. We offer support mainly in the areas of our expertise, where our assistance is most effective. In our social activities we focus mainly on helping accident victims and people with disabilities (among others by creating jobs for them) and supporting the arts. We have been running social programs for more than a decade, supporting the activities of entities established for this purpose in each of the following areas:

- The Personal Injury Rehabilitation and Support Centre, which has been successfully supporting people after accidents and setting standards for their rehabilitation for more than 10 years,
- The Integralia Foundation, which has been working for the professional and social activation of people with disabilities for 18 years,
- The Hestia Artistic Journey Foundation, which has been supporting artists and promoting the arts for more than 20 years.

We also got involved in activities for the local community, through educational and sponsoring campaigns.

Key data for 2022:

67 new Individual Rehabilitation and Support Plans for severely injured people implemented

18 new Individual Rehabilitation and Support Plans implemented for accident victims with less severe injuries

PLN 42,500 is the average expenditure on rehabilitation of an injured person

1,016 people supported by the Integralia Foundation

3.4% - Percentage of people with disabilities employed by ERGO Hestia

83 authors participated in the Hestia Literary Journey competition

Stakeholder effects

We see our engagement as an ongoing process that will have a visible impact in both the short and long term.

In the area of assistance to accident victims, we are implementing modern rehabilitation standards and providing comprehensive assistance through Individual Rehabilitation and Support Plans. At the same time, we are investing in solutions that help patients, such as exoskeletons that can re-educate gait and strengthen muscle function.

We support people with disabilities on their way to professional self-fulfilment by creating jobs in the ERGO Hestia Group and by contributing to the creation of jobs in partner companies and institutions.

As a patron of the arts, we support artists starting from the talent discovery stage. We create for them a place where they are appreciated and can present their skills to a wider audience.

Among others, we sponsor the ERGO ARENA and the activities of the Sopot Sailing Club, where members of the local community can express themselves through sport and culture.

Environmental capital

We define the environmental capital that we use as all types of natural assets used to conduct business. The profile of our business and the services we provide allow us to minimise the consumption of resources. We also aim to transform our value chain in order to include customers and our cooperating agents, brokers, business partners or suppliers in the process of adapting

to climate change. We offer customers a climate risk assessment service and select solutions to minimise their environmental impact; our offering includes insurance packages for low- or zero-carbon solutions (RES). We are the first insurer in Poland and the fourth non-life insurer in Europe to be registered as an EMAS-certified organisation. The electricity supplied to our headquarters in Sopot

as well as three buildings in Gdańsk is 100% renewable, and only 3% of the electricity supplied to our sites across the country is not green energy.

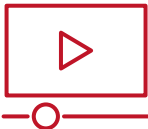
Key data for 2022:



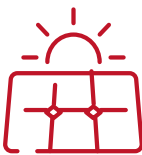
We **reduced our carbon footprint per employee by 10%** versus the 2019 baseline in Scopes 1, 2 and 3 as measured by the Munich Re Group



We increased the proportion of hybrid cars in our fleet to **42%**



We increased the number of video inspections in the loss adjustment process **by 8%**



Fivefold increase in the energy capacity of the photovoltaic farms insured by us



We are a member **of the Climate Leadership (UNEP/GRID) and Climate Positive (UNGC) programmes.**



1,070 trees planted to mark International Earth Day

Stakeholder effects

We have integrated commitment to the natural environment into the way we operate, work with partners and in our product offering. We minimise our impact in all possible internal and external processes, while supporting the transition to a low-carbon economy.

Contribution to the SDGs



Our strategies

Business Strategy

In 2022, we continued to implement the Strategy entitled “The Power of Information and the Power of Community”. It reflects our key values and pillars on which we build our operations. Our undoubted asset is our knowledge of the insurance industry, customer needs and the latest and most favourable technology solutions. It is also a network of good relationships with agents and brokers, which improves communication and allows us to support our business partners. We have built the Highest Standard of Protection by combining these two factors. Simplicity, responsiveness and modernity remain the principles that guide us on a daily basis.

Our Business Strategy also incorporates sustainable development, which, since 2022, has been implemented as part of the Sustainability (ESG) Strategy. We take a comprehensive approach, striving to develop a range of products and services that support the natural environment and help mitigate climate change. We have maintained our commitment to act in accordance with: the 2030 Agenda for Sustainable Development, the UN Guiding Principles on Business and Human Rights, the Universal Declaration of Human Rights and the 10 Principles of the United Nations Global Compact. We are also a signatory of the Diversity Charter

and the Ethics Program Standard. Our efforts, which are in line with the adopted strategy, have allowed us to actively contribute to the implementation of Sustainable Development Goals.

ESG Strategy

[GRI 2-22]

The ERGO Hestia Group's business strategy is complemented by the Sustainability (ESG) strategy for 2022-2025, which contributes to the implementation of the Sustainable Development Goals and is described in the organisation's internal resolution.

Environmental issues are particularly important to us, which is why we are taking action to achieve climate neutrality. We see this as our contribution to keeping the global temperature increase below 2°C. We extend our corporate responsibility activities to our business partners by making them the target of ESG education projects. Another area of our commitment is to support the socially marginalised by increasing the availability of products and services for them.

Non-financial key performance indicators

	2021	2022	Change
Employee turnover rate*	10%	13%	+3 p.p.
Participation of women in management	51%	50%	-1 p.p.
Participation of people with disabilities in the workforce	3.3%	3.4%	+0.1 p.p.
CO ₂ emissions (Scope 1+2) (CO ₂ (kg))	4,316,950	4,106,985	-5%
Consumption of water (m ³)**	12,687	13,315	+5%
Paper consumption (t)***	243	221	-9%

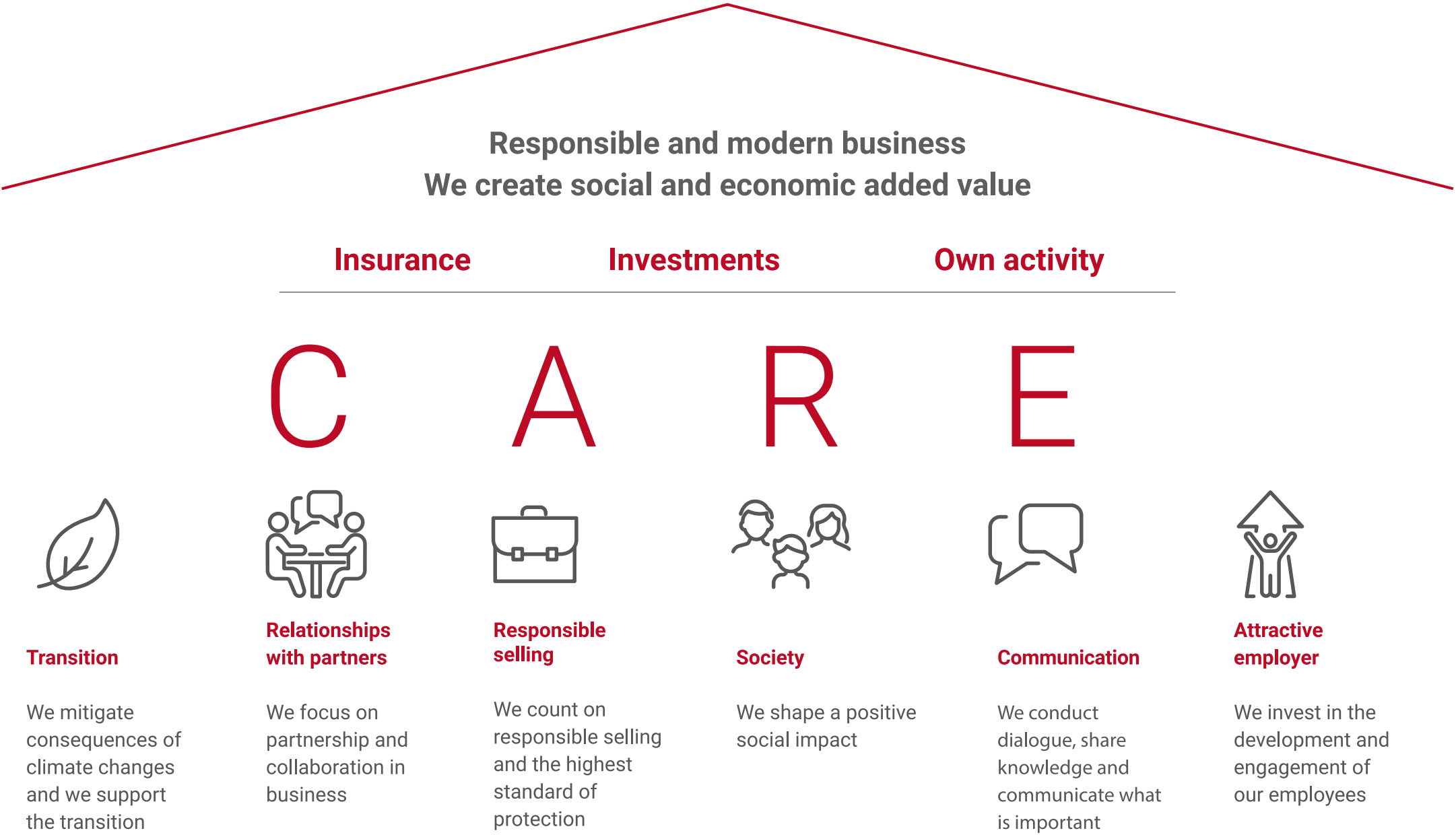
You can read more about our involvement in ESG matters in the impact report (Chapter 5. *Identified Impact Areas*), which is part of this integrated report.

* Employee turnover rate according to the GRID metric, i.e., calculated on the basis of the formula: number of departures in relation to the number of employees.

** This refers to water consumption in Sopot and Gdańsk.

*** Data do not include paper in marketing materials.

Sustainability (ESG) Strategy 2022-2025 consists of 6 pillars



Our priorities in 2022

As part of the four-year transformation process in line with the adopted strategy, we have set ourselves ambitious targets to be achieved and are progressively fulfilling them in the following key areas of our organisation's operations:

- Reduce carbon footprint per employee (i.e. CO₂ emissions) by 10% compared to the 2019 baseline*,
- Maintain ISO 14001 and EMAS environmental certificates,
- Implement ESG metrics in the risk and investment assessment process;
- Develop loss adjustment in a sustainable and environmentally friendly way,
- Maintain status as a signatory to the Declaration of Responsible Selling,
- Continue sponsorship projects in the areas of sport, culture and education,
- Increase the proportion of people with disabilities in the total number of ERGO Hestia Group employees from 93 to 102 (and reach the 3.4% ratio),
- Further adapt websites and services for people with disabilities,
- Implement sustainability projects together with small businesses (start-ups) which make a positive impact, social entrepreneurs (e.g., purchase/sale of selected socially innovative products and services), educational, scientific and research institutions.

10% reduction versus the 2019 baseline in the area measured by the Munich Re Group.

ESG commitments



Transformation

- Reduce carbon footprint per employee by 12% by 2025 (vs. 2019).
- Maintain ISO 14001 and EMAS environmental certification.



Society

- Maintain the ratio of 100% of employees trained in communication and cooperation with people with disabilities.
- Increase the number of Individual Rehabilitation and Support Plans (IPPs) for the injured.
- Continue sponsorship projects in the areas of sport, culture and education.



Relationships with partners

- Achieve the ratio of >90% of key suppliers and contractors who have ratified the Supplier and Contractor Code of Conduct.



Communication

- Conduct a study of our activity's impact on the economy and society and publish the results.
- Join the UN Global Compact "Code of Responsible Communication" initiative in 2023.



Responsible selling

- Maintain status as a signatory to the Declaration of Responsible Selling.
- Keep the complaints ratio at <0.50% using data from annual reports of the Financial Ombudsman.



Attractive employer

- Maintain the position of the leading employer in independent rankings such as Top Employer, Great Place To Work® and Diversity IN Check.
- Maintain the employment proportion of 50% women and 50% men at the level of Directors reporting directly to Management Board members in companies and at least 40% proportion of women as Directors and Deputy Directors.
- Achieve the annual average number of training hours per employee of above 30 hours.

Outlook

In 2023, we continued to develop our range of insurance services, which remain at the highest level in the market, both in terms of the scope of cover and the quality of service processes.

We also plan to continue implementing ESG projects in our insurance portfolio, investments and operations, particularly in the areas of environmental and climate protection, diversity and gender equality. We are also adapting to new regulations and preparing the ERGO Hestia Group for the upcoming financial and reporting requirements for the financial sector, including the EU Taxonomy, the CSRD Directive, the European Green Deal, IFRS 9/17.



Retail insurance

We are focusing on boosting the efficiency of distribution processes, product changes and the development of advanced methods for assessing insurance and financial risks, which will enable us to tailor insurance coverage and premiums to the customer's needs. We continue to implement the strategy of professionalising the distribution network and continuously improving the quality of sales. In 2023, we continue the series of development programmes as part of the ERGO Hestia Agency Network Certification Programme and

we will implement product clauses to facilitate the work of professional advisors. As we pursue the Sustainability (ESG) Strategy, we are preparing changes to our product offering to support green projects and solutions. The implementation of the Electronic Green Card will significantly streamline the policy underwriting process and support our environmental objectives. To attract new customers, we plan to expand the quotation process for renewals of Buyer's Liability insurance policies in iHestia.



Partnership programmes

In the area of Partnership Programmes, further integrations and expansion of the product portfolio are planned to increase our presence in the affinity market. In the direct channel, we expect to further diversify the portfolio by improving attractiveness of the voluntary risk offer and by making customer selection more precise. One of the initiatives in this area is to significantly improve the premium calculation process by using data from the CEPiK databases as part of the short sale path.

In retail insurance, we plan to launch a new business line in 2023: Health Insurance. It will be based on preventive health care and the organisation and provision of medical services; in the first

phase of the project it will be dedicated to individual customers only. The main assumption of the project is that it will be distributed through the ERGO Hestia Group's agency network, which is based on modern distribution paths. An IT project has been launched to design and implement dedicated services that will enable our intermediaries to distribute this insurance product and customers to benefit from medical services.



Corporate insurance

In the corporate insurance area, we will continue to promote the sales tool – the ERGO Biznes system – among agents. In property insurance, we plan to continue our efforts to update the sums insured and to work on a new tariff. We are increasing the promotion of engineering services (active sensors, thermographic testing, penetration testing, fleet security programmes) to reduce the risk of business interruption to our customers.



Motor insurance

We plan to launch a new platform for underwriters used to prepare quotations and distribute fleets, which also replaces paper printouts with electronic versions of insurance contracts. An important part of the project is the automation of the underwriting process and the implementation of a new GLM* tariff model for cars and delivery vehicles in 2023.



Agricultural insurance

Development work will be performed on agricultural insurance products. In 2023, a new product will be introduced – insurance of agricultural equipment and machinery (also referred to as Agrocasco). Sales will be developed by introducing new intermediaries for mandatory agricultural insurance and property insurance products, as well as for subsidised crop and livestock insurance.



Loss Adjustment

In this area, we will continue to use robots to eliminate repetitive processes and increase efficiency of work. Increasing customer satisfaction, as evidenced by the reduction in the number of interventions, remains our goal.



Individual life insurance

In 2023, we plan to increase sales of biometric insurance. We intend to introduce further incentive and marketing tools, as well as training and development programmes for existing agents and new distributors.



Group life insurance

Our goal is to build long-term relationships with insurance intermediaries (agents and brokers), also by:

- leveraging the leading position of STU ERGO Hestia SA in the brokerage channel to sell life insurance,
- striving to be the partner of choice in the agency channel,
- offering non-life products together with life products as a complementary offering of the ERGO Hestia Group.

We also plan to implement further product changes in Closed Groups and in the Open Group.



Innovation development

Over the past few years, mainly due to Pandemic, the willingness of customers to buy insurance through digital channels has increased from 44% to 54%, and the use of the mobile channel has increased by as much as 14 p.p. to 37%. This trend will accelerate, as evidenced by the consistent recognition by insurance leaders over the years that technology transformation is a priority for the entire sector. This is why we have adopted a cloud-first approach to extend our digital transformation.

Running our infrastructure in the cloud allows us to modernise our product offering. Sales applications can be continuously developed and adapted to the needs of several million customers, thousands of businesses and hundreds of insurance agents and brokers, and the company is able to test and implement new solutions much faster than before. This is the largest cloud transformation in the Polish insurance sector. We have implemented advanced sales systems, such as iHestia, we have automated internal repetitive processes and applied blockchain technology**. The foundation for all these solutions is the modernisation of the IT infrastructure and the use of cloud computing. As a result, sales applications can be improved on a continuous basis and access to them can be even faster and more convenient.

* GLM stands for Generalized Linear Models. It is a standard quotation method used in European Union countries.

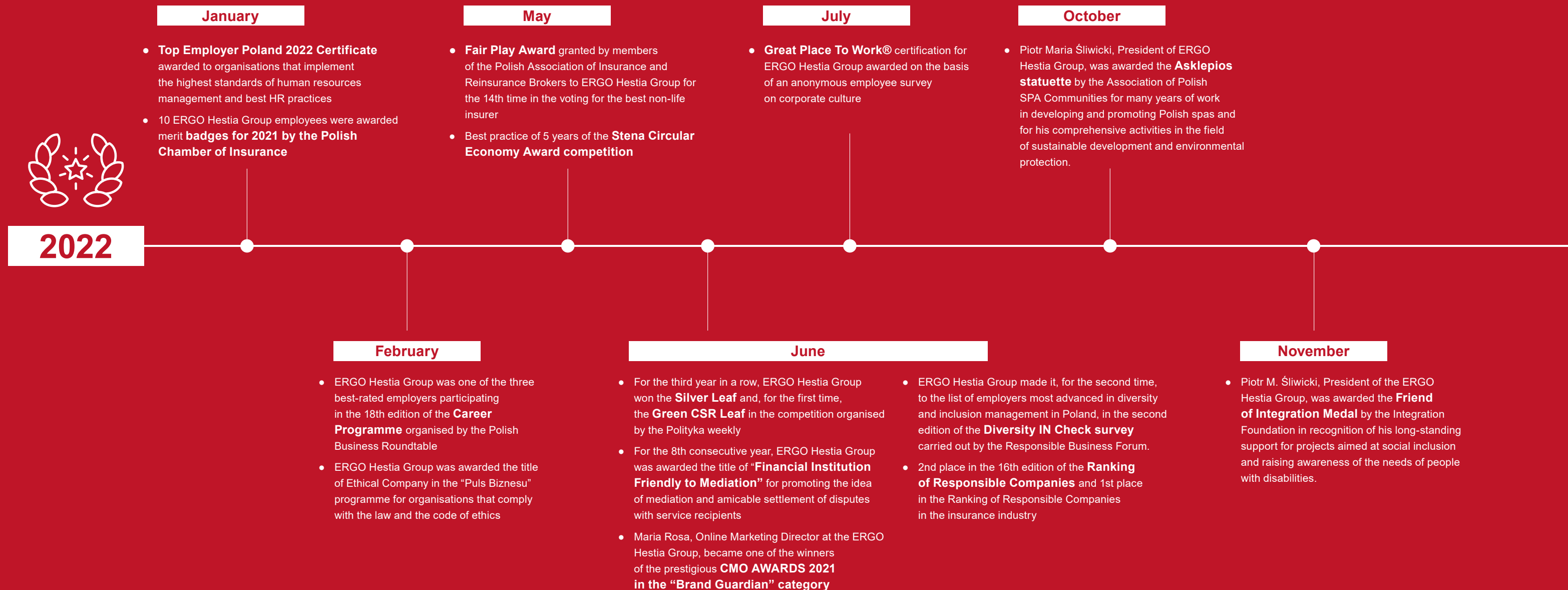
** The method of arranging and storing data in successive blocks that together form a single virtual chain.

Chapter 3

ERGO Hestia Group in 2022



Key events and awards





2023

January

- The Polish Chamber of Insurance awarded **merit badges for insurance for 2022**; as many as 12 people received such exceptional awards in ERGO Hestia Group
- ERGO Hestia Group was ranked among the best employers in Poland for the second time in a row, by receiving the **Top Employer Poland 2023 certificate**
- Integralia Foundation with a prestigious **Symbol 2022 award**

March

- ERGO Hestia Group was ranked **No. 1 brand** for the second year in a row in an independent automotive industry satisfaction survey conducted by the wyborykierowcow.pl website
- ERGO Hestia Group won the title of **Super Ethical Company** in the “Puls Biznesu” programme for organisations that comply with the law and the code of ethics

May

- ERGO Hestia Group was among 11 employers who are the most advanced in managing diversity and inclusion in the 3rd edition of the **Diversity IN Check** study
- Brokers awarded ERGO Hestia Group the **Fair Play Award** for the 15th time
- The ERGO Hestia Group was once again awarded a **Great Place to Work® certificate**
- **Service Quality Star 2022** – a title awarded to the friendliest companies according to consumers
- Award in the competition of socially responsible companies **“Benefactor of the Year”** in the Culture and education category for its partnership cooperation with the Wisława Szymborska Foundation

February

- Certificate of the **“Customer Friendly Company 2022”** programme implemented within the framework of the Experience Institute
- 1st place in the **Insurance Guarantee Fund** data quality ranking for ERGO Hestia Group

April

- ERGO Hestia Group received the prestigious **ESG Leader Award** during the Banking & Insurance Forum

June

- **Golden CSR Leaf** and, for the second time, **Green CSR Leaf** awarded in the Polityka weekly competition, additional award for actions for the benefit of Ukraine and refugees
- 3rd place in the 17th edition of the **Ranking of Responsible Companies** and 1st place in the Ranking of Responsible Companies in the insurance industry

Market environment and conditions

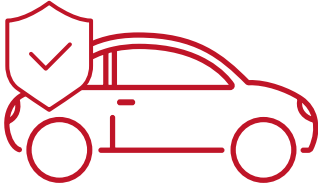
We consider the year 2022 as the end of a period in which the COVID-19 pandemic was a key factor influencing the state of Polish companies, including those in the insurance sector. According to our analyses, it had no impact on the Group's sales and financial results.

The event that destabilised the global economy was the situation in Ukraine, but the ERGO Hestia Group did not identify a clear direct impact of the war on its sales and financial performance. There was an indirect impact – through the macroeconomic situation, which generated inflationary pressures and volatility in the financial markets.

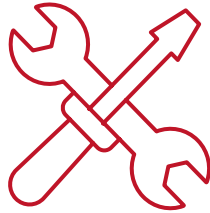
Sopockie Towarzystwo Ubezpieczeń ERGO Hestia SA identified an indirect impact of inflation and increased interest rates on its product portfolio and sales levels.



Increases in vehicle and property prices led to increases in sums insured and premiums in selected insurance groups.



The increase in financing costs affected motor insurance sales, e.g. in the insurance of leased vehicles.



The deterioration in profitability was due to an increase in average claims (e.g. higher costs of repair, parts and labour) and an increase in indirect costs (e.g. wage pressures, higher utility prices).

Notably, the negative impacts were mitigated by higher sums and premiums (in non-motor and hull insurance). However, strong price competition in the liability insurance market made it difficult to increase average premiums in line with inflationary pressures on average claims.

The company did not observe a direct impact of high interest rates on the profitability of the insurance portfolio, but did observe a positive impact on the investment result.

Sopockie Towarzystwo Ubezpieczeń na Życie ERGO Hestia SA did not observe material direct impact of high interest rates and high inflation on the product portfolio and sales levels. It did observe a negative impact of the increase in inflation on the financial situation in the form of an increase in indirect costs.

Development of our business

[GRI 2-6]

We operate throughout Poland. Even though our headquarters are in the Tri-City, we reach many locations throughout the country through Retail and Corporate Representative Offices in major cities and through Standard and Branded Points.

Our sales branches increase the accessibility of ERGO Hestia Group's products, especially for customers in smaller cities and towns. By creating a friendly environment and ensuring well-trained staff, we can offer the Highest Standard of Protection.

We reach local communities primarily through agents, whose offices are often located in larger buildings or shopping and service complexes. By providing marketing and organisational support to the points, we make it easier for our agents to connect with potential customers.

All of our development activities are reflected in the structure of our insurance portfolio and in our financial performance. We also continue to develop our product range and improve the quality of our customer service. More information on this topic is provided in Chapter 7. Impact on Customers and Chapter 10. Impact on the Economy and Market Environment.

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Standard Points

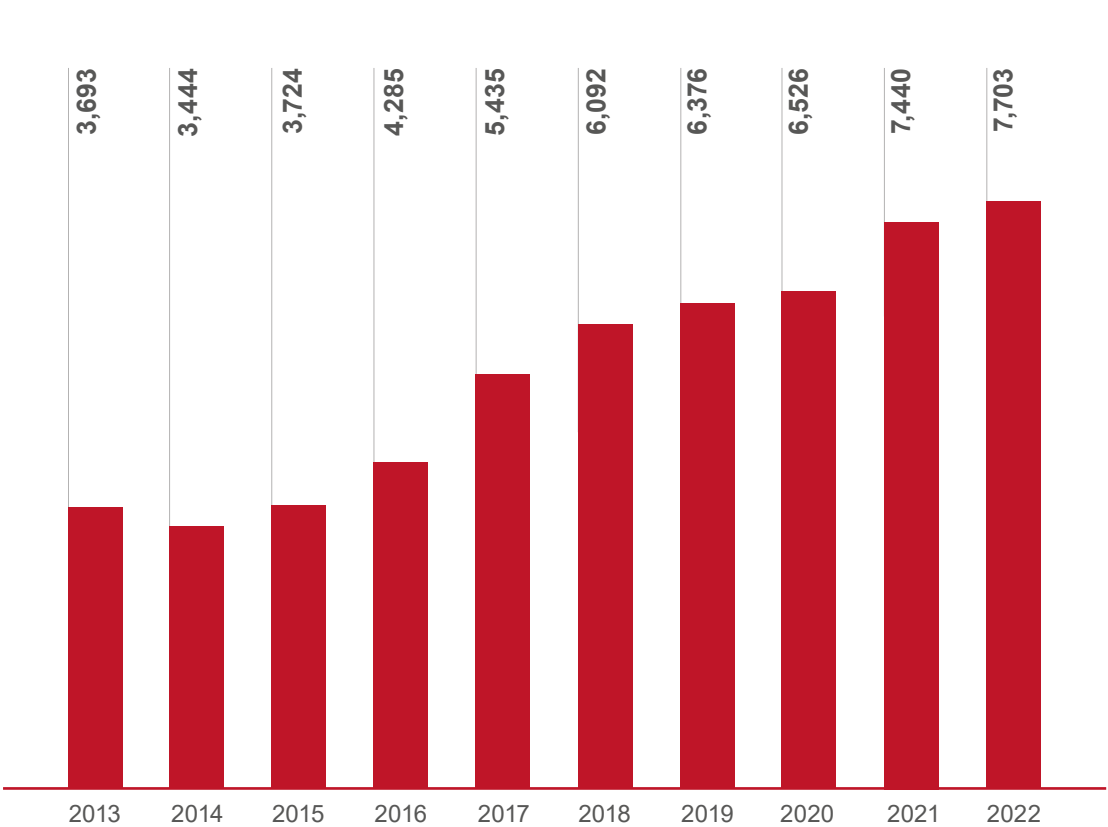
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Branded Points

Sopockie Towarzystwo Ubezpieczeń ERGO Hestia SA

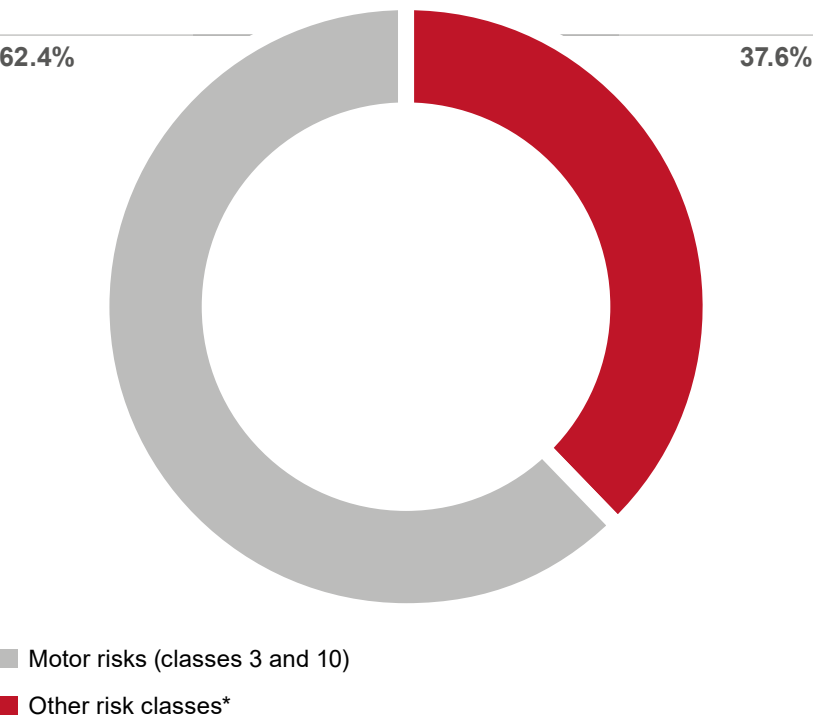
In 2022, Sopockie Towarzystwo Ubezpieczeń ERGO Hestia SA (STU ERGO Hestia SA) was ranked third in the Polish non-life insurance market in terms of gross premiums written.

Gross premiums written in 2013-2022 (in PLN million)



Insurance portfolio structure

STU ERGO Hestia SA closed the year 2022 with gross written premium of PLN 7,702,988 thousand, up 3.5% from 2021.



* other risk classes include inward reinsurance

Motor products in classes 3 and 10 (described in detail in Chapter 2. Key information about the ERGO Hestia Group) constituted an important part of the insurance portfolio, for which collected premiums amounted to PLN 4,808,208 thousand, or 62.4% of all gross written premiums. Compared to the previous year, the share of motor insurance in the insurance portfolio rose by 3.5 p.p.

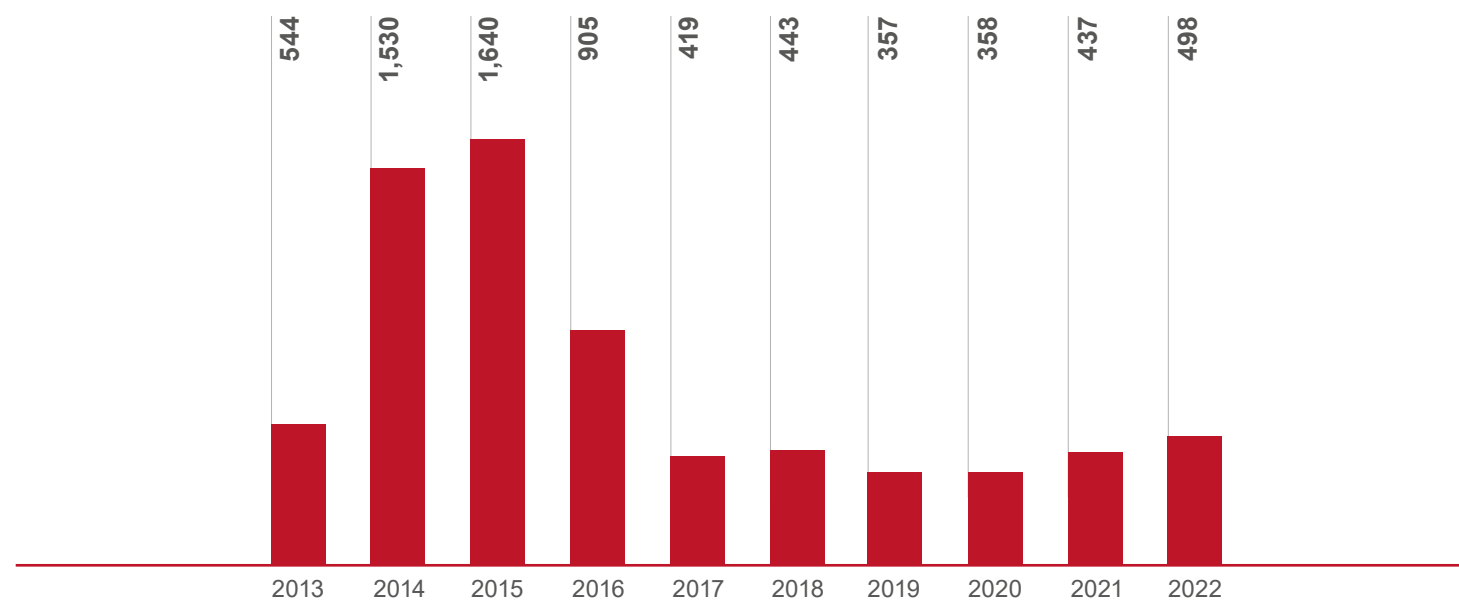
Gross premiums written by the entire non-life insurance market in 2022 amounted to PLN 50,816 million. The growth of sales of property insurance in Poland in 2022 was lower than in 2021 (110.4%) at 107.9%. In 2022, the growth of gross premiums written by STU ERGO Hestia SA reached 103.5%. The Company's share in the Section II insurance market reached 15.2%.

Sopockie Towarzystwo Ubezpieczeń na Życie ERGO Hestia SA

Sopockie Towarzystwo Ubezpieczeń na Życie ERGO Hestia SA (STUnŻ ERGO Hestia SA) closed the year 2022 with gross premiums written of PLN 497,588 thousand, up 113.8% from the previous year. Despite the lower sales of products in the bancassurance channel, sales in the bancassurance channel increased.

In 2022, Sopockie Towarzystwo Ubezpieczeń ERGO na Życie Hestia SA was ranked ninth in the Polish life insurance market in terms of gross premiums written.

Gross premiums written in 2013-2022 (in PLN million)



Insurance portfolio structure

Gross premiums written from individual insurance policies were PLN 265,844 thousand in 2022. It represented 53.4% of gross written premiums. Gross written premium from term products was PLN 132,054 thousand in 2022 and represented 49.7% of gross written premium from individual policies, increasing by 7.9 p.p from 2021. ERGO 4 term protection life insurance recorded the highest increase in its share. Unit-linked products contributed PLN 68,426 thousand, which represented 25.7% of gross written premium from individual policies (down by 4.6 p.p. compared to 2021). Gross premiums written from group insurance policies was PLN 231,744 thousand in 2022. The share of group insurance in gross written premiums of STUnŻ ERGO Hestia SA was 46.6%. Group insurance includes mainly term protection life insurance products (Hestia Rodzina), which contributed premiums of PLN 213,962 thousand, and unit-linked life insurance products.

Sopockie Towarzystwo Ubezpieczeń na Życie ERGO Hestia SA did not launch new product sales in 2022.

Gross premiums written by the entire life insurance market from January to December 2022 amounted to PLN 21.5 billion, 2.6% lower than in the same period of the previous year. In the same period, gross written premium of STUnŻ ERGO Hestia SA increased by 13.8%.

Financial performance

Sopockie Towarzystwo Ubezpieczeń ERGO Hestia SA

The technical result of STU ERGO Hestia SA was **PLN 249,691 thousand** and was **PLN 162,579 thousand** lower than the technical result achieved in 2021. The Company's net profit at the end of 2022 was **PLN 262,946 thousand**.

Technical and non-technical profit and loss account

Item (PLN '000)	2022	2021	Growth rate
Gross premiums written	7,702,988	7,440,119	103.5%
Gross claims paid	3,931,243	3,582,422	109.7%
Net insurance activity expenses	2,289,317	2,095,839	109.2%
Technical result	249,691	412,270	60.6%
Net investment income	191,538	157,022	122%
Profit before tax	343,187	471,374	72.8%
Net profit	262,946	357,564	73.5%

Balance sheet

As at 31 December 2022, total assets amounted to **PLN 13,978,092 thousand** and were **PLN 142,462 thousand** more than in the previous year (**up 1.0%**).

ASSETS (PLN '000)	As at 31 December 2022	Structure	As at 31 December 2021	Structure
Investments	9,597,793	68.7%	9,607,088	69.4%
Cash	31,725	0.2%	3,504	0.0%
EQUITY AND LIABILITIES (PLN '000)	As at 31 December 2022	Structure	As at 31 December 2021	Structure
Equity	1,632,194	11.7%	2,201,535	15.9%
Net technical reserves	10,379,484	74.3%	9,785,596	70.7%

Sopockie Towarzystwo Ubezpieczeń na Życie ERGO Hestia SA

Non-technical and technical profit and loss account

Sopockie Towarzystwo Ubezpieczeń na Życie ERGO Hestia SA closed the year 2022 with a net profit of **PLN 33,596 thousand**, up **111.1%** from the previous year.

The technical result posted by STUnŻ ERGO Hestia SA in 2022 was **PLN 37,973 thousand**, up **70.9%** from the previous year.

Item (PLN ‘000)	2022	2021	Growth rate
Gross premiums written	497,588	437,397	113.8%
Gross claims paid	278,015	240,245	115.7%
Net costs of insurance business	159,394	129,393	123.2%
Net investment income	-20,653	41,219	-
Technical result	37,973	22,215	170.9%
Profit before tax	37,420	22,128	169.1%
Net profit	33,596	15,912	211.1%

Balance sheet

As at 31 December 2022, total assets amounted to **PLN 1,374,369 thousand** and were **PLN 42,050 thousand** less than in the previous year.

ASSETS (PLN ‘000)	As at 31 December 2022	Structure	As at 31 December 2021	Structure
Investments	714,318	52.0%	738,332	52.1%
Cash	14	0.0%	79	0.0%
Life insurance investments for the policyholder’s account and risk	379,456	27.6%	432,149	30.5%

Equity and liabilities

As at the balance sheet date of 31 December 2022, the largest item of equity and liabilities (**71.2%**) is the net technical reserves, of which the major components are: technical reserves for life insurance (**35.0%** of the balance sheet) and technical reserves for life insurance where the policyholder bears the investment risk (27.6% of the balance sheet). The level of unit-linked reserves decreased by **12.2%** relative to 2021.

Other items of equity and liabilities do not constitute a significant contribution to the balance sheet value. Other liabilities and special funds increased by **9.6%** as compared to 2021 and currently they represent **1.2%** of total equity and liabilities. Liabilities on account of reinsurers’ deposits constitute 10.7%, accruals and deferred income **1.3%** and other reserves – **1.3%** of total equity and liabilities.

EQUITY AND LIABILITIES (PLN ‘000)	As at 31 December 2022	Structure	As at 31 December 2021	Structure
Equity	196,617	14.3%	207,344	14.6%
Technical reserves	978,300	71.2%	1,007,967	71.2%
technical reserves for life insurance if the policyholder bears the investment risk	379,456	27.6%	432,149	30.5%

Taxonomy disclosures

These are disclosures under Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (“Taxonomy”).

The ERGO Hestia Group is required to disclose the proportion of its taxonomy-eligible non-life business and its taxonomy-non-eligible non-life business.

The report on Taxonomy data as at 31 December 2022, covering the ERGO Hestia Group and its subsidiaries of each tier, is prepared by the top tier unit of the Munich Re Group:

- [Munich Re Group Annual Report 2022](#) (Combined non-financial statement, s. 29-32, 35-36, 104, 108, 239, 240),
- [Sustainability Report 2022](#) (3. Sustainability in business, s. 46, 68).

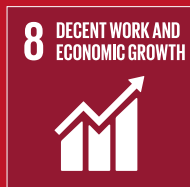
Sustainable financing (SFDR)

The disclosures are made pursuant to Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (OJ EU L 317, p. 1, as amended).

Information on the strategy on the integration of sustainability risks in the investment decision making process in Sopockie Towarzystwo Ubezpieczeń na Życie ERGO Hestia SA is provided on the [Group’s website](#).

Chapter 4

Governance

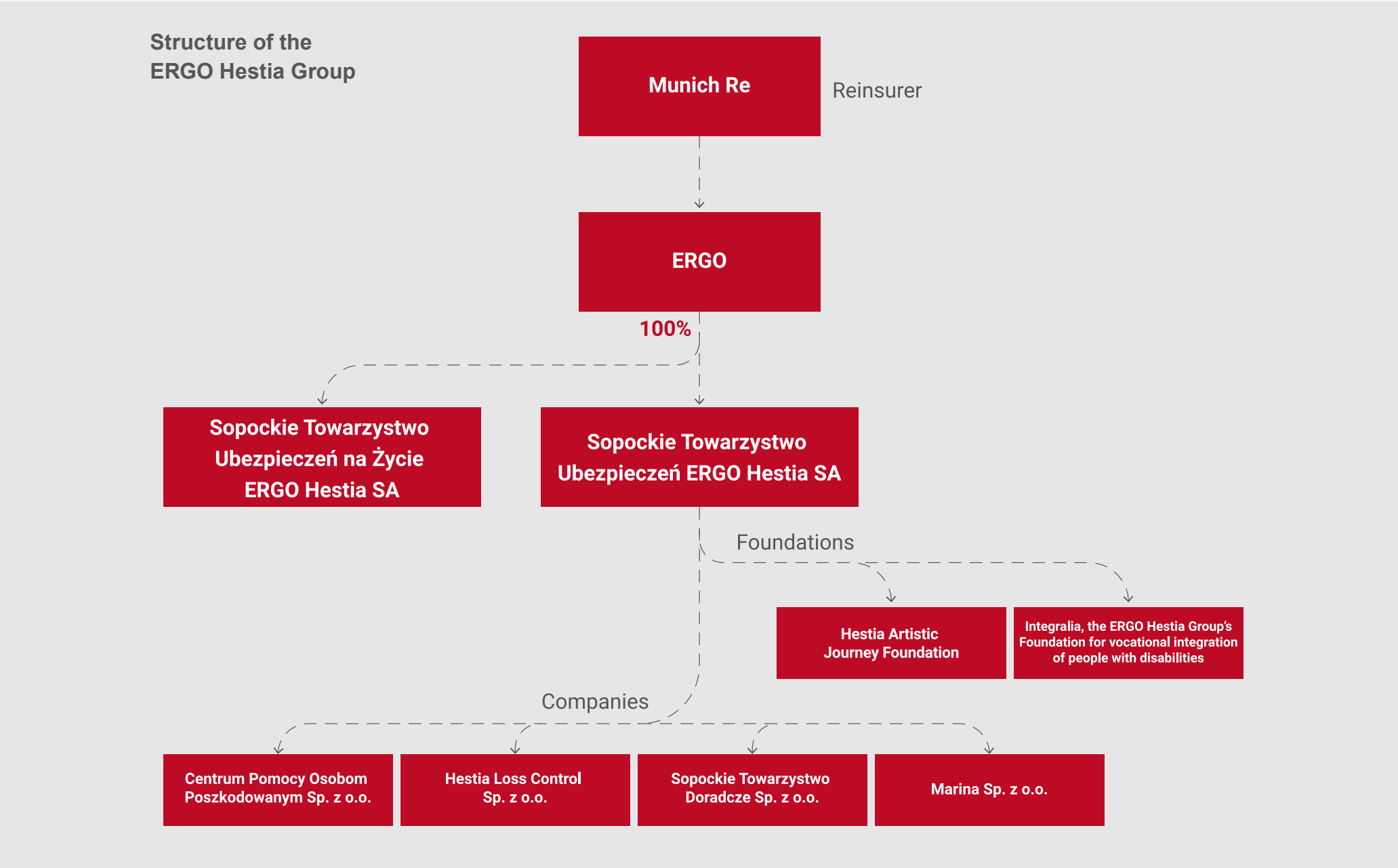


Form of ownership and governance structure

[GRI 2-1, 2-2, 2-6]

The sole shareholder of the ERGO Hestia Group's insurance companies is ERGO International AG, with its registered office in Düsseldorf, which is part of the ERGO Group AG, an international insurance conglomerate owned by a leading global reinsurer (Munich Re), whose operations cover the full spectrum of reinsurance services. The ERGO Hestia Group consists of two insurance companies: STU ERGO Hestia SA and STU na Życie ERGO Hestia SA. Business is conducted through 21 retail representative offices and 8 corporate representative offices. Insurance operations are carried out in Poland, and the head office is located in Sopot at 1 Hestia Street. Sopockie Towarzystwo Ubezpieczeń ERGO Hestia SA has 6 subsidiaries, including 2 foundations.

The report provides financial data on STU ERGO Hestia SA and STU na Życie ERGO Hestia SA. The remaining reported data relates to the ERGO Hestia Group, including its subsidiaries.



Governance structure and composition

[GRI 2-9]

The governance bodies of both Sopockie Towarzystwo Ubezpieczeń ERGO Hestia SA and Sopockie Towarzystwo Ubezpieczeń na Życie ERGO Hestia SA are:

- General Meeting (the highest governance body in both companies),
- Supervisory Board (which exercises constant supervision over the companies' activities in all areas of their operations),
- Management Board (exercising direct management).

General Meeting

The powers of the General Meeting in both companies include the tasks described in the Commercial Company Code, in particular review and approval of the Management Board's reports on the Company's activities, the financial statements for the past financial year and granting a discharge to members of the Company's governance bodies on the performance of their duties.

Supervisory Board

The powers of the Supervisory Boards of both Companies include, in particular:

- election of Management Board Members of both Companies,
- evaluation of the Management Boards' report on the activities of the Companies, the annual financial statements in terms of the compliance of these reports and statements with both the Companies' ledgers and documents and with the facts,

- approval of the report on the solvency and financial condition of the insurance company,
- selection of a statutory auditor or audit firm to audit the Companies' financial statements, prepared in accordance with the provisions of the Accounting Act and the solvency and financial condition report,
- approval of selected documents and bylaws of the Companies,
- giving consent for the performance of certain activities by the Management Boards (in the case of STU na Życie ERGO Hestia - certain activities listed in the Company's Articles of Association).

The following committees operate within the framework of the Supervisory Boards: Audit Committees (which also serve as an audit committee within the meaning of the Act on Auditors, Audit Firms and Public Supervision of 11 May 2017), Management Board Committees and Finance Committees.

The following reports provide detailed information about the ERGO Hestia Group's governance bodies and their committees.

[Report on solvency and financial condition of STU ERGO Hestia SA](#)

[Report on solvency and financial condition of STUnŻ ERGO Hestia SA](#)

Composition of the Companies' Supervisory Boards from 1 January to 31 December 2022

Full name	STU ERGO Hestia SA	STU na Życie ERGO Hestia SA
Heiko Stüber	Chairman	Chairman
Wojciech Kostrzewa	Independent Deputy Chairman	Independent Member
Maximilian Happacher	-	Deputy Chairman
Oliver Willmes	Member	Member
Deniss Sazonovs	Member	-
Janusz Reiter	Independent Member	Independent Member

[GRI 2-10]

Appointment of Management Board members is the responsibility of the Supervisory Board. The Management Board Committee is composed of two persons, including the Chairman, who is an independent Supervisory Board Member. The powers of the Committee include presenting opinions to the Supervisory Board on:

- appointment of Management Board Members, including the President and Vice-President (or Vice-Presidents) of the Management Board,
- determining the number of Management Board Members for a given term, electing Management Board Members, including the President and Vice-President (or Vice-Presidents), establishing the rules for their employment and remuneration,
- approval of draft Management Board Bylaws.

As part of the process of issuing opinions for the Supervisory Board, the respective Management Board Committee evaluates the candidate in terms of his or her fulfilment of all the statutory and competence prerequisites qualifying a candidate to be a member of the governance body of an insurance company. In this process, the Committee takes into account elements of best practices and candidate evaluation methodologies issued by the Polish Financial Supervision Authority.

Competency assessment includes verification of all elements related to:

- giving the right assurance of running an insurance company, including the knowledge, experience and qualifications required for the intended position within the governance body, based mainly on employment history, references, education and training,

- absence of a conflict of interest, dependence affecting the independence of action (on the basis of statements presenting the scope of information, allowing to make a proper assessment in this area),
- non-criminal record,
- other information (statements) specified in PFSA's methodology for evaluating candidates.

The announcement of the decision to select a candidate for the Management Board is supported by an internal resolution. Stakeholder opinions are not directly taken into consideration in the process of appointing Management Board Members. The ERGO Hestia Group has declared its willingness to introduce a parity of 25% women in its next term of office at both companies.

Management Board

The Management Boards of both Companies exercise all powers in the management of the organisation, acting on the basis of the provisions of the law, in particular the Commercial Company Code, the Company's Articles of Association, the Company's Management Board Bylaws and the resolutions of the General Meeting and the Supervisory Boards. They also represent the Companies externally.

[GRI 2-11]

Management Board Members are responsible for their respective divisions and their respective offices. The President of the Management Board does not serve as a senior manager in any ERGO Hestia Group company.

Composition of the Management Boards of ERGO Hestia Group companies in 2022

Full name	STU ERGO Hestia SA	STU na Życie ERGO Hestia SA
Piotr Maria Śliwicki	President of the Management Board	President of the Management Board
Grzegorz Szatkowski (do 30.04.2022 r.)	Vice-President of the Management Board for Finance and Organisation	Vice-President of the Management Board for Finance and Organisation
Adam Roman	Vice President of the Management Board for Corporate Insurance	Vice President of the Management Board for Corporate Insurance
Marcin Dymek	Management Board Member for Finance and Organisation	Management Board Member for Finance and Organisation
Justyna Wajs	Management Board Member for Sales and Technology	Management Board Member for Sales and Technology
Dirk Schautes	Member of the Management Board Technology, Debt Collection and Group Standards	Member of the Management Board Technology, Debt Collection and Group Standards
Kazimierz Majdański	Management Board Member for Loss Adjustment	Management Board Member for Claims Handling
Piotr Matysiak	Management Board Member for Retail Insurance	Management Board Member for Individual Insurance

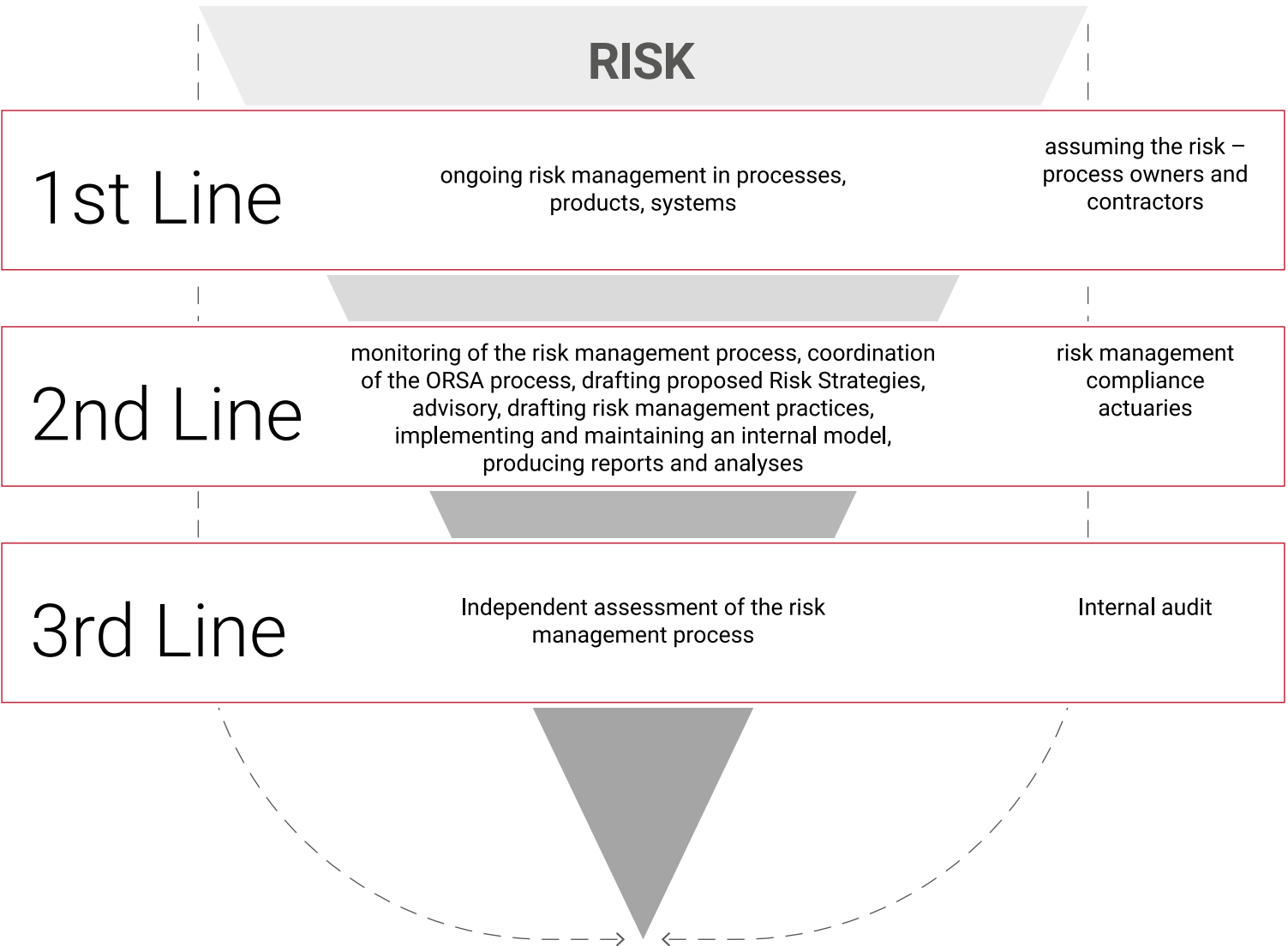
The current personnel composition and description of those who are members of the Management and Supervisory Boards can be found on [the indicated website](#). Detailed information on the activities of the General Meeting, the Supervisory Board (including their committees and commissions), and the Management Board and their members (including changes in 2022) are included in the reports on the solvency and financial condition of STU ERGO Hestia and STU na Życie ERGO Hestia.

Risk management system

The risk management system in place at the ERGO Hestia Group is integrated into the organisational structures and decision-making processes, taking into account persons performing key functions. Each company has processes in place to identify, assess, control and monitor the risks to which the organisation may be exposed on an individual and aggregate level. The risk management system is organised according to the concept of three lines. The model makes up an organisational framework within the companies that gives a clear division between making business decisions entailing risks and independent control of those risks.

Ensuring effective operation and monitoring of the System (together with the Company's risk profile*) is the main responsibility of the Risk Management Function, carried out by the Risk Office within the division of the Management Board Member for Finance and Organisation. The Risk Office also handles, among other tasks, the implementation and maintenance of the internal model, the identification, assessment, monitoring and reporting of risks, the development of the Risk Strategy and the ORSA report, as well as advising the Management and Supervisory Boards on risk management issues.

* The risk profile of the companies is a combination of the categories of identified risks, resulting from the specificity of their operations.



Catalogue of risks used by the Companies:



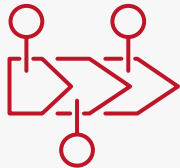
actuarial
(insurance) risk



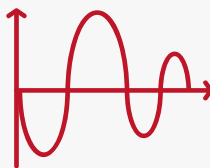
market risk



credit risk



operational risk



liquidity risk



strategic risk



reputational risk



emerging risk

The ERGO Hestia Group also attaches great importance to sustainability risks, but we do not treat them as a separate category, but see them as one aspect of the risks above.

Risk management cycle



Detailed information on the identification, assessment, measurement, control, monitoring and reporting of risks is included in the reports on the solvency and financial condition of [STU ERGO Hestia](#) and [STU na Życie ERGO Hestia](#).

Management of ESG issues

[GRI 2-12]

The process of developing, approving, as well as updating the ERGO Hestia Group's Sustainability objectives and strategy is the responsibility of the Sustainability Director, who has

been in this position since 2016, along with his reporting team of specialists and managers (the division of the Management Board Member for Sales and Technology).

The Sustainability Team in the ERGO Hestia Group is responsible for:



coordinating strategic objectives



sustainability reporting



other activities related to the ERGO Hestia Group's economic, environmental and social impact through the implementation of ESG projects



acting as an ESG ambassador before the Companies' Management Boards and stakeholders



joining initiatives and membership in programs working for human rights, the environment and governance



conducting dialogue with stakeholders

As of January 2023, based on an internal resolution, the Sustainability Office was established under the division of the Management Board Member for Collections and Group Standards.

Strategic objectives, activities and projects with their implementation and results are discussed at Management Board meetings, and presented in the form of summaries by the Sustainability Director. In connection with the adoption of the 2022-2025 Sustainability Strategy (ESG), the office directors responsible for the various objectives were required to provide an annual summary of the status of their implementation.

[GRI 2-13, 2-24]

Office directors delegate one or more people responsible in the unit for topics related to economic, environmental and human impact, who present periodic reports in the area of their assigned scope of activities. As part of the ongoing projects, the coordinators cooperate with the Sustainability Office.

The International Reporting and Sustainability Department was created as part of the Actuarial Department at the end of 2022.

Its tasks include the following:

- coordination of the accounting period closing process,
- participation in project work on the implementation of the reporting process,
- preparation of periodic and annual reporting in accordance with legal regulations, group requirements and internal Company requirements,
- preparation of solvency and financial condition report and a regular report to regulators.

An Environmental Management Team has been established to manage the environmental area; it includes employees from the following organisational units: Sustainability Office, Administration Department, Internal Audit Office, Risk Office, Corporate Insurance Office, Retail Insurance and Partner Programs Office, Human Resources Selection and Development Office, Management Board Office, IT Department, Marketing and PR Office and Hestia Corporate Solutions. The purpose of the team is to oversee the compliance of environmental activities with the Company's objectives, regulations and strategy.

In 2022, the governance body and senior managers received quarterly CO₂ reports on the impact the ERGO Hestia Group has on the environment. Regular management meetings are held, during which representatives of individual offices present the status of the projects they coordinate. It is also a place for executives to share their experiences in order to plan further activities more effectively.

The principles embodied in our policies and internal documents, on the one hand, regulate our work, and on the other hand, form the basis for building relationships with key stakeholders, which we further strengthen through training for business partners and by taking an active part in various thematic conferences.

[GRI 2-17]

Developing competence and knowledge in the ERGO Hestia Group is a constant part of our daily activities and applies to employees at all levels of management. Due to the responsibility of Management Board members for effective implementation of strategies, including the Sustainable Development Strategy, they are required to set climate targets. To continuously improve their competence, they participate in meetings and programs within the ERGO Group - Sustainability and Climate Change (Sustainability Reporting, Taxonomy, Sustainability Products & Solutions, etc.) and internal climate programs. An important area of activity for Management Board members is participation in meetings, conferences and debates on climate issues.

Another area of responsibility is managing the flow of sustainability information. Management Board members periodically receive information and reports on the organisation's environmental impact (including CO₂ emissions from its own business, environmental declaration in accordance with EMAS requirements, and Carbon Intensity from its investment portfolio). They also manage the CO₂ reduction action plan. In addition, the independent member of the Supervisory Boards, Janusz Reiter is a member of the Board of Chapter Zero Poland.

The ESG area Managing Director, together with the Company's lawyers, are members of the Steering Committee of the Business and Human Rights Program of the UN Global Compact Network Poland. The Sustainability Director participates in the Climate Positive Program of the UN Global Compact Network Poland. As part of the activities undertaken in cooperation with the Responsible Business Forum, he appeared as a speaker at the 9th CSR Fair and during the celebration of the 10th anniversary of the Diversity Charter.

[GRI 2-18]

In order to evaluate the performance of the highest governance body in overseeing the management of the organisation's impacts on the economy, environment and people, an impact report is prepared (Chapter 5. Identified Impact Areas), based on internal analyses (such as the Solvency and Financial Condition Report or the Financial Statements) and the results of dialogue sessions conducted with stakeholders as part of GRI standard reporting. Market trends and the social and economic situation are also taken into account. The reports are produced as part of the work of the Sustainability Office, and they are prepared in cooperation with a consulting firm based on the information presented to it.

The impact report is generated after the end of the calendar year and is issued in the company starting in 2020. The document is submitted to the Management Board along with the Sustainability Report, and its various preparation stages are presented to the Management Board member responsible for the ESG area.

The Company's Management Board and Supervisory Board have the possibility to review the assumptions of the ESG strategy depending on the stage of its implementation and receive regular reports by the owner of the ESG area. In the event of identified problems or failure to attain the set goals, the Company's governance bodies are informed and corrective steps are taken. The Sustainability Director oversees the continued implementation of the provisions of the ESG Strategy in cooperation with other operating units of the ERGO Hestia Group.

Promoting the idea of sustainability and ESG

[GRI 3-3 Promoting sustainability and ESG - education of employees and brokers, including environmental activities]

We view the implementation of sustainability not only as a commitment for our organisation, but also want to promote it to our key partners and stakeholders.

In April and May 2022, we focused on educational activities addressed to cooperating brokers. We presented the adopted goals and actions taken in the field of sustainable development. We pointed out the impact of new regulations, such as the Taxonomy Regulation and the CSRD (Corporate Sustainability Reporting Directive) on the organisation, corporate clients and insurance intermediaries.

[GRI 2-24]

We have also held periodic training sessions for agents on sustainability, focusing on issues that are likely to affect business even more in the near future, such as climate factors, water levels and other related issues. A key initiative was the Closer to Hestia meetings, during which we invited intermediaries to our headquarters so that they could learn more about the service and

product processes and the philosophy of the ERGO Hestia Group. In addition, we encourage them to take action by organising, for example, sales contests for intermediaries in the iPunkt app. Last year, one of the contests was held on the occasion of International Earth Day and resulted in the planting of 1,070 trees.

We also help our clients prepare for the challenges of future ESG obligations. To this end, we have established an internal voluntary certification program. The client can choose a narrow scope (environmental) or a full scope (environmental - E, social - S and corporate governance - G).

In addition, by participating in the Climate Leadership initiative, we have created a program to encourage our customers to take on the challenge of EMAS/ISO14001 certification.

743

business partners participated in **64** meetings as part of the Closer to Hestia initiative

250

brokers participated in **40** educational meetings

Our core values

[GRI 2-22]

We focus on sustainable and profitable growth. By accurately recognizing economic cycles and matching our offering of products, services, processes and operations to them, we are ready to continue confronting the market. Given our unique organisational culture model, our most important commitment remains the Highest Standard of Protection we provide to all customers and business partners.

The Power of Information – it consists of years of experience, knowledge of top experts, as well as a huge amount of acquired and analysed data. The self-esteem of ERGO Hestia Group employees ingrained in it allows us to make bold decisions and take responsibility for their implementation. Thanks to it we can develop trend-setting products and solutions for the Polish insurance market.

The Power of Community – the sum of the relationships and mutual trust we have built over the years with our employees and business partners. They constitute a permanent network of ties cemented by common values. This directly affects the company’s ability to grow, the accuracy of its decisions and the ease with which it can overcome barriers. The Power of Community is the ERGO Hestia Group’s greatest value in the market, created by Hestians themselves. It drives their development, motivation, sense of purpose and stability.

When planning our business in the short and long term, we take into account, among other things, the assumptions of the Munich Re Group’s Ambition 2025 Strategy, which also applies to the ERGO Hestia Group. It takes into account both financial and environmental factors - one of its pillars is the pursuit of climate neutrality. We have also joined the SDG Partnership “Together for the Environment” and the Climate Leadership program, and maintained our EMAS certification. We describe our environmental activities in more detail in Chapter 9. *Environmental impact.*

Last year, 13 of the 17 Sustainable Development Goals were reflected in the projects and initiatives we implemented. For example, through the Integralia Foundation, we improve the quality of education for its stakeholders, promote the achievement of economic growth while maintaining fair working conditions and reducing social inequality. Together with the Integralia Foundation and the Personal Injury Rehabilitation and Support Centre, in 2016 we joined the ranks of signatories to the Diversity Charter, and STU ERGO Hestia also signed the Ethics Program Standard.



Our day-to-day activities are guided primarily by ethics, supported by, among other things, the Ethics Program Standard, whose declaration of adoption we signed as the first insurer in Poland, the Declaration of Responsible Selling and our function as one of the main partners of the Coalition of Ethics Advocates established by the UNGC. We are also a strategic partner of the Responsible Business Forum.

Major ESG distinctions:

- Polityka's Silver and Green CSR Leaf 2022, Gold, Green CSR Leaf 2023, as well as an award for active efforts for Ukraine and Refugees,
- 3rd place in the 17th edition of the Ranking of Responsible Companies and 1st place in the Ranking of Responsible Companies in the insurance industry for 2022, Ethical Company 2021, Super Ethical Company 2022,
- Great Place to Work 2021 and 2022 Certification,
- Top Employers 2021 and 2022,
- Forbes Climate Leader 2021 and 2022,
- ESG Leader Award (Banking & Insurance Forum),
- Diversity IN Check 2021, 2022 and 2023,
- Benefactor of the Year 2021 and 2023,
- Stena Circular Economy Award in 2022 (best practice of 5 years).

Human rights

[GRI 2-23]

The key sustainable development document is the adopted Sustainability Strategy (ESG), which regulates all related areas, including human rights. The protection of these rights is also included in the Diversity Policy, which we view as our ongoing commitment, fitting into the promotion of diversity as a value.

We operate in accordance with the 2030 Agenda for Sustainable Development, the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and the 10 Principles of the United Nations Global Compact.

Respecting these international legal acts and, above all, the values indicated in them and shared by us, especially respect for a diverse, multicultural society, and placing special emphasis on the equal treatment policy (regardless of gender, age, disability, health status, race, nationality, religion, irreligion, political beliefs, union affiliation, psychosexual orientation, family status,

lifestyle, form, scope and basis of employment, type of cooperation, and other grounds that could become the basis for discriminatory behaviour), we have committed to implementing the management principles and promoting and disseminating them among all stakeholders.

The Diversity Policy in force within the organisation includes maintaining the precautionary principle and taking early action to prevent the occurrence of irregularities and, if detected, taking immediate action to eliminate them. The document, by virtue of an internal resolution, is available to all ERGO Hestia Group employees, who are required to report any incidents they believe may have occurred. The unit responsible for monitoring abnormal situations in the organisation is the Management Board Office headed by the Compliance Officer. As at the date of the report the policy functions as an internal document within the organisation. There is a plan to publish it for all stakeholders.

All policies, including the Diversity Policy, are approved at the Management Board level - they apply equally to the organisation's overall activities and to its business relationships.

Communication of key assumptions of the adopted policies is announced on our website. We also communicate important information on social media and at public events to our employees, business partners and other stakeholders.

Ethics in the conduct of business

Ethics management

[GRI 2-23, 3-3 Ethics in the conduct of business and anti-corruption]

The fundamental principle that guides our business is compliance with the law. This is done by complying with statutory and supervisory regulations applicable to our operations, as well as internal legislative acts. Each employee, through his or her actions towards customers, upholds the good name of the ERGO Hestia Group and avoids actions that could create a negative image of STU ERGO Hestia SA and STU na Życie ERGO Hestia SA in the eyes of our customers. We strive to offer customers the best possible advice and provide them with all the information they need to make the right and accurate decision for their interests. We recognize that our business has an impact on the broader economic, social and environmental environment in which we operate. Therefore, we build our identity by following the principles of prudence, prevention and responsibility in selecting contractors and partners, and ensuring and maintaining integrity in all business transactions.

We cooperate with many partners, which is why it is so important for us to adhere to the principles and values that create an image of an ethical, professional, safe and conscious business, responsible for the role it plays economically and socially.

Our ethics management and anti-fraud system, including corruption, consists of:

- Code of conduct for employees
- ERGO Hestia Agent's Code of Professional Ethics
- procedures, policies and rules for proper conduct
- an extensive system of ethics, anti-fraud and anti-money laundering training in the form of e-learning
- Anti-money laundering policy
- Cartel policy, or guidelines for proper conduct in compliance with antitrust and competition laws
- Gift acceptance and giving policy
- Compliance program to ensure that the company's operations comply with all legal and market requirements

These documents form the basis for many procedures, and their elements are also present in the criteria and information addressed to external stakeholders. Their role is to prevent potential negative consequences of violations of principles of ethics in the conduct | of business.

The aforementioned policies, codes and other documents function in their entirety only in the internal circulation of the organisation, which results from the adopted legislation and guidelines of the ERGO and Munich Re Group.

The ERGO Hestia Group is obliged not only to comply with the requirements of the law, but also to take full account of the broad recommendations issued by relevant supervisory authorities, including international institutions. The entire alignment with legal regulations and recommended solutions ensures that we are a stable, safe and transparent entity - trustworthy and dedicated to protecting the interests of both customers and employees.

We follow a Code of Conduct for employees (Code of Ethics). At the same time, we are obliged to adhere to the principles embodied in the Munich Re Group's Code of Conduct, which sets guidelines for responsible action and is also made available externally through the ERGO and [Munich Re](#) Group's communication channels.

Effectiveness of the measures taken

[GRI 3-3 Ethics in the conduct of business and anti-corruption]

We have a zero-tolerance policy for any violations of the Code of Ethics and other fraud, including financial fraud, and have therefore put in place measures to prevent and detect fraudulent activities from occurring, and to respond appropriately when they are detected. We have equipped our employees with tools to identify and report fraud at an early stage. In addition, by systematically examining the operations performed and responding appropriately, we strengthen the protection of the entire system, including the financial system, and its individual participants.

We attach great importance to monitoring the effectiveness of the measures taken to comply with the ethics management and anti-fraud system developed in the Group through the activities undertaken by the Compliance Function and the person appointed to supervise it - the Compliance Officer. In the structure there is a separate substantively competent organisational cell - the compliance area, located autonomously in the Management Board Office. Expertise is concentrated in the compliance unit, but some of the compliance tasks, or compliance risk management tasks, are delegated to the business and operations units.

Employees performing the duties within the compliance area perform them independently and autonomously. They have unlimited right and access to information on relevant tasks. The Compliance Function reviews the established compliance policies and plans as needed, but no less frequently than once a year.

The review covers all areas of ERGO Hestia Group's operations. The Compliance Function submits to the Management Board periodic and ad hoc reports on the function's activities, including information on identified compliance violations and corrective actions taken by management according to current needs.

All employees receive training on the principles laid down in the Code of Conduct for ERGO Hestia employees. General level training is part of onboarding training and is repeated every two years as part of the so-called refreshment training.

100%

of employees have been trained in ethical behaviour.

Due to the high effectiveness of the activities carried out, we have not identified the need to modify the existing procedures.

As of 2020, there is an online training formula in place that all employees can access. In addition, training courses that present anti-corruption issues comprehensively, at an expanded level, are implemented for employees directly exposed to such risks.

Anti-corruption

The Code of Ethics includes provisions on anti-corruption.
The Group has a zero-tolerance policy for all financial crime.

We have also adopted a [Code of Conduct for suppliers and contractors](#). It contains important declarations and principles that we follow in accordance with the ERGO Hestia Group’s Business Strategy. The Code defines the basic standards of cooperation and business conduct that we expect our current and future partners to follow. We work only with suppliers and contractors proven for quality, reliability and flexibility of operations. Commitment to comply with the Code is part of the agreement concluded with the ERGO Hestia Group, as well as a declaration of voluntary compliance with the requirements contained in this document.

Individual terms such as corruption, bribery, conflict of interest or grease payments and facilitation payments have been defined by indicating what activities a Group employee should not engage in. The Code describes the question of giving and accepting business gifts, as well as offering gifts to functionaries, hiring relatives of employees, bribery and corruption behaviour, and when there is a conflict between private and professional interests. In addition, in case of doubt about the definition, it is reasonable to refer to generally applicable laws in this regard.

[GRI 205-2]

Anti-corruption training by pay grade in the ERGO Hestia Group*

	Number of employees trained	Percentage of employees trained	Number of employees informed	Percentage of employees informed
senior management	2	100%	no data available	no data available
middle management	5	100%	no data available	no data available
other employees	398	99.7%	no data available	no data available
TOTAL	405	99.8%	no data available	no data available

Information on current employee training is published on the ERGO Hestia Group’s intranet, hence there is no way to monitor the number of and the percentage of the recipients of these messages.

99.8%

percentage of newly hired employees trained in anti-corruption

405

number of all newly hired employees who received training on anti-corruption policies and procedures in 2022.*

* The data relates to Sopockie Towarzystwo Ubezpieczeń ERGO Hestia SA and Sopockie Towarzystwo Ubezpieczeń na Życie ERGO Hestia SA. Management Board members are subject to individual training on anti-corruption policies and procedures at the Group level. In 2022, we did not collect data on the aforementioned training and on the number and percentage of business partners who were informed and trained on anti-corruption policies and procedures.

[GRI 205-3]

In 2022, no cases of corruption were reported in the ERGO Hestia Group, and therefore no further action was taken in this regard.

[GRI 2-15]

Members of the Management Boards of STU ERGO Hestia SA and STU na Życie ERGO Hestia SA are subject to regular primary and follow-up suitability assessments as members of the bodies of supervised entities, in which the area of conflict of interest is an independent part, as detailed in the Management Board Bylaws. At the general level, the area of conflict of interest is also managed through the relevant provisions of the Work Regulations, compliance with which is mandatory for all employees, including members of the Management Board.

In addition, stakeholders are informed in the event of a conflict of interest if:

- a Member of the Management Board of STU ERGO Hestia SA or STU na Życie ERGO Hestia SA:
 - sits on the Management Board of another Group company,
 - holds shares in companies that are suppliers to the ERGO Hestia Group or in other entities that are its stakeholders,
- there is a controlling shareholder in the ERGO Hestia Group,
- conflict pertains to related parties, their relationships, transactions and arrears.

In the event of a conflict of interest, stakeholders are informed directly by the Compliance Officer.

Communication of violations and critical incidents

[GRI 2-26]

Hestians can seek advice on the application of responsible business practices or specific policies. Relevant documents are available on our intranet or directly from individual business units. They form the basis of many procedures, and their elements are also present in criteria and information addressed to external stakeholders, such as suppliers. Our goal is to participate in the development of a friendly working environment, comply with laws and internal procedures, and respond to any irregularities.

The ERGO Hestia Group has a whistleblowing mechanism in place. Some of the channels are also available to external parties.

Violations can be reported:



by email, to
whistleblowing@ergohestia.pl



by letter, addressed
to the Compliance Officer,
at ul. Hestii 1, 81-731 Sopot,



in person to the
Compliance Officer.

If a report of a violation is received, the Compliance Officer immediately follows up, i.e. analyses the report to verify the violation information and decides whether to initiate an internal investigation of the case.

In addition to the Compliance Officer, the second unit in place to manage the negative consequences of violations arising from the ethics and anti-fraud management system is the Anti-Fraud Officer.

Since 2008, the ERGO Hestia Group has had a system for reporting suspected irregularities (whistleblowing), which allows employees to provide information anonymously or by name about suspected, observed or experienced non-compliance with the Code of Ethics. Reports can be made by phone, text message or e-mail. The system provides full protection of the whistleblower's personal data.

[GRI 2-16]

Critical IT incidents include all incidents that have a negative impact on the stakeholders, the environment or the company's image and for which a crisis management team is assembled by the Risk Office.

Identified critical incidents, including IT critical incidents, are reported to the Management Board. In 2022, no such incident was reported at the ERGO Hestia Group.

[GRI 2-27]

[In 2022, STU ERGO Hestia SA was fined for exceeding claims handling deadlines.](#)

The penalty was for exceeding claims handling deadlines during the reporting period, i.e. 2022. Last year, STU na Życie ERGO Hestia SA had a pending proceeding for a violation of the AML (Anti-Money Laundering) - Anti-Money Laundering and Countering the Financing of Terrorism Act, that occurred in 2020, and was not completed as at 31 December 2022.

As of 2021, legal proceedings are under way to appeal the decision of the Personal Data Protection Authority. The penalty imposed by the President of the Personal Data Protection Authority was overturned by the Court of First Instance, and an appeal proceeding at the initiative of the President of the Personal Data Protection Authority is currently under way. The case is pending and neither party has obtained a final judgement.

In accordance with the ISMS in effect at the Company (Instruction No. WS 50/22 of the Member of the Management Board for Finance and Organisation of Sopockie Towarzystwo Ubezpieczeń ERGO Hestia SA, dated 30 November 2022, on the introduction of the Information Classification Standard in effect at the Company), information on ongoing litigation and legal services is subject to a confidentiality clause, and for this reason cannot be disclosed.

Our stakeholders

[GRI 2-29]

We regularly update the ERGO Hestia Group's stakeholder map, verify the topics important to report from their perspective and the forms of dialogue with individual groups. Key stakeholder categories have been identified based on general knowledge of the Companies' business profile. The selection of the most important stakeholder groups is made on the basis of the scale of links with the ERGO Hestia Group and their materiality from the perspective of the business model.

Each of our organisational units has been prepared to build lasting relationships and engage the group of stakeholders which is closest to it by virtue of its duties. We consider constant contact important because of the impact the Companies and their environment have on each other.

We take care of regular dialogue with stakeholders; their opinions are particularly important to us, as they allow us to take into account the changing socio-economic conditions in our plans.

Depending on the needs, ERGO Hestia Group communicates with different stakeholder groups through: dialogue sessions, interviews, workshops, face-to-face meetings and others. In the age of widespread Internet access, we use websites, social media and e-mail correspondence, and, in the case of employees, intranet. Our stakeholders also participate in dialogue sessions each year aimed at identifying relevant reporting topics.

The categories of stakeholders we engage with most frequently:



Employees



Agents



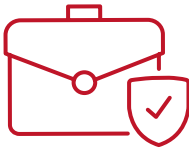
Brokers



Customers



Suppliers



Non-governmental organisations



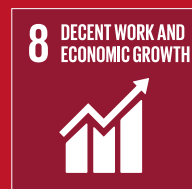
Academic / scientific community

Stakeholder category	Method of identification	Purpose of stakeholder engagement and contacts	How the Group seek to ensure meaningful engagement with stakeholders
Employees	A key stakeholder category for the Group is its employees, both current and potential new hires; we target them with our activities, communications and reporting	<ul style="list-style-type: none"> • Communication of key information about the Group's activities, changes and summaries of its activities during the period • Ensuring continuity of communication and cascade flow of information, inter alia on regulations, legislation, important events, awards, et al. 	<ul style="list-style-type: none"> • Asking employees about their attitudes through surveys, open email and personal communication by the organisation when changes or improvements are made • The Group sends out organisation evaluation surveys • Annual employees evaluations (mutually with supervisors) are conducted • Ongoing internal meetings • A portal for employees (as well as social media, such as Facebook) ensuring constant flow of information and advice
Agents	A very important category of stakeholders that represents the Group in its dealings with customers	<ul style="list-style-type: none"> • Maintaining and improving the quality of cooperation • Transparency in identifying with the company's activities that agents pass on • Providing full information on the Group's activities 	<ul style="list-style-type: none"> • Annual and ongoing meetings, including at conferences • Constant contact via instant messaging and chat rooms • Portal for agents • Dedicated training courses • Opportunity to evaluate and give feedback • Competitions • Grants for agents to implement projects • Contact with the Agent Ombudsperson and performance of his or her functions
Brokers	Key stakeholders who work with the Group and represent customer interests	<ul style="list-style-type: none"> • Maintaining and improving the quality of business/partner relationships • Transparency 	<ul style="list-style-type: none"> • Annual and ongoing meetings • Constant contact via instant messaging and chat rooms • Newsletter for brokers • Information provided during conferences

Stakeholder category	Method of identification	Purpose of stakeholder engagement and contacts	How the Group seek to ensure meaningful engagement with stakeholders
Customers	Recipients of the Group's products and services	<ul style="list-style-type: none">• Obtaining feedback on the Group's operations• Improving the quality of services provided	<ul style="list-style-type: none">• Activities to integrate local communities, e.g. cultural and sports events• Meeting ESG expectations through, among other things, the Bicycle Forever campaign, green investments, helping minimize negative impacts, new products and services in insurance policies• Ongoing complaints handling• Supporting local entities in locations where the organisation conducts operations (sponsorship, donations)• Constant access to insurance brands' social media profiles and websites• Facilitating access for customers, including those with disabilities• Personal Injury Rehabilitation and Support Centre with the infrastructure• Contact with the Customer Ombudsperson and performance of his or her functions
Suppliers	Stakeholders are identified through ERGO Hestia Group's supply chain analysis.	<ul style="list-style-type: none">• Maintaining and improving the quality of business relationships	<ul style="list-style-type: none">• Ongoing contact during the year• Communicating ESG and ethics measures at the contract construction stage• Introduce ESG information and requirements during the dialogue
Non-governmental organisations	Stakeholders supporting the Group in dialogue with the local government sector and the public. They also help identify key issues for the Group to be implemented in our activities.	<ul style="list-style-type: none">• Improving activities for local communities• Identification of the needs of other stakeholders, including local communities• Dialogue and support in developing new programs	<ul style="list-style-type: none">• Activities to integrate local communities, e.g. cultural and sports events• Supporting local entities in locations where the organisation conducts operations (sponsorship, donations)• Dialogue sessions• Cooperation with local governments
Academic / scientific community	Stakeholders providing the Group with knowledge and solutions. We engage in dialogue with them and jointly implement innovation and development projects.	<ul style="list-style-type: none">• Improvement of activities for local communities• Identification of the needs of other stakeholders, including local communities• Dialogue and support in developing new programs	<ul style="list-style-type: none">• Integration activities with the academic community• Supporting local entities in locations where the organisation conducts operations (sponsorship, donations)• Dialogue sessions• Cooperation with experts from the academic/scientific community

Chapter 5

Identified Impact Areas



Objectives and description of the impact analysis process, results

[GRI 2-29, 3-1, 3-2, 3-3]

Approach to impact identification

We take a strategic approach to sustainability, with the direction of our activities set in our Sustainability (ESG) Strategy for 2022-2025. In our activities, we always consider their impact on our stakeholders, our natural surroundings and the economy.

Since 2020, we have published a separate report presenting the effects of our social and economic impact. Each year, we strive to broaden our approach in terms of the data we present. As we were preparing the third edition of the report, we decided to refresh its formula, taking into account the requirements of the upcoming regulations, including the Corporate

Sustainability Reporting Directive (CSRD), and the impact disclosure guidelines defined in the new GRI standards. In this year's edition, we also expanded the scope of the information presented compared to previous years, which includes a broader perspective on our impacts. Some economic data are presented in greater detail than in other areas in order to maintain consistency with previous editions and ensure comparability of data. We make sure that each year our impact report covers a broader and more accurate range of data.

In order to meet the requirements of the GRI standards – which demand that we begin materiality analysis of different topics by examining the organisation's impact

on its surroundings – and the requirements of the CSRD, we carried out an impact analysis by involving representatives from many parts of our organisation.

According to them, a materiality analysis is a mandatory element of the sustainability reporting process. The first step is to identify the areas of impact that arise from the company's activities and the extent of its business relationships.

The standards emphasise that an organisation's impact on its environment is multifaceted and that it can be::

- actual or potential,
- positive or negative,
- short-term or long-term,
- intended or unintended,
- reversible or irreversible.

This approach is consistent with the requirements of the Corporate Sustainability Reporting Directive (CSRD). According to the new regulations, in future years we will be required on the one hand to identify the areas of our impact and on the other to assess how this affects our financial performance (the so-called dual materiality principle). This year, we adopted such a perspective for the first time.

As we launched the work on the Sustainability Report in January 2023, a workshop was held at ERGO Hestia's headquarters to identify the areas that we impact as an organisation. The workshop was attended by 23 people representing various departments within the ERGO Hestia Group and representatives working for ERGO Hestia Group's subsidiaries. Participants were involved in the process of identifying both positive and negative impacts in three dimensions: social, economic and environmental. Negative impacts were identified in the environmental dimension only. Participants listed more than 100 factors that the ERGO Hestia Group influenced in 2022.

One of the elements of the workshop was an attempt to identify the factors that influence the company's financial standing according to the dual materiality principle defined in the CSRD.

The ERGO Hestia Group has developed a Sustainability (ESG) Strategy, which it is implementing in 6 areas. We have aligned these with the areas of impact and, for each area, we present the status of implementation at the end of 2022.

Areas of the Sustainability Strategy for 2022-2025:



Transformation



Relationships with partners



Responsible selling



Society



Communication



Attractive employer

Identified impact areas

The core value we create is to offer high quality insurance products to customers, both individual and corporate. We operate in the financial sector, which is strictly regulated by law. We have a clearly defined business profile, but the scale of our activities and the projects we undertake mean that our impact is multidimensional and affects the key areas we have identified.

The financial sector is burdened by a number of regulatory requirements regarding the way it operates. In the key conclusions of the World Economic Forum's Global Risks Report 2023*, natural disasters and extreme weather events are ranked second in the ranking of global risks (the short-term horizon of two years) and failure to mitigate climate change is ranked fourth. In the long-term horizon (10 years), environmental issues occupy the top four positions: failure to mitigate climate change, failure of climate-change adaptation, natural disasters and extreme weather events, biodiversity loss and ecosystem collapse. For our business, this means that the pressure from regulators, the market and customers to support a low-carbon economy will increase. The insurance industry impacts the market by providing the insurance without which companies would not receive funding from banks. As an organisation, we undertake numerous activities for the climate where we can.

Our activities in the insurance industry significantly influence the decisions and choices of market players. The essence of insurance is related to the fact that it gives households and businesses more freedom in their economic choices. As a result, they can develop their activity by undertaking different types of investments. This translates into job creation and generation of income throughout the economy. This is a broader, economic impact of the company on the environment, which occurs in the supply side of the economy and is visible over the long term. It is also relevant to the economy as a whole, especially during periods of increased uncertainty.

The insurance industry stabilises economic cycles. Insurance companies are long-term investors in the domestic economy and in Polish companies**. At the end of 2022, the ERGO Hestia Group was one of 24 life insurers operating in Poland and one of 29 non-life insurers***.

In 2022, Poles spent approximately PLN 72.4 billion on insurance, up 8% from the previous year. Gross premiums written by the ERGO Hestia Group amounted to PLN 8.2 billion in 2022. The non-life insurance company collected PLN 7.7 billion, 3.5% more than

in 2021, while the life insurance company collected PLN 497.5 million, 12% more than in the previous year.

Insurance claims and benefits paid out to Poles in 2022 amounted to PLN 44.4 billion, which was 7.5% more than in the previous year. The ERGO Hestia Group paid out PLN 4.2 billion of insurance claims and benefits (PLN 3,931 million in STU ERGO Hestia SA and PLN 278 million in STU na Życie ERGO Hestia SA), i.e. nearly 10% of total insurance claims and benefits paid out to customers.

Insurers operating in Poland generated net profit of PLN 6.1 billion in 2022. In 2022, the ERGO Hestia Group generated net profit of PLN 296.5 million, of which PLN 262 million in the non-life company and PLN 33.5 million in the life company, which represented 5% of the profit generated by companies operating in the insurance market in 2022.

* https://www3.weforum.org/docs/WEF_Global_Risks_Report_2023.pdf

** <ubezpieczenia-w-liczbach-2022.pdf> (piu.org.pl)

*** https://www.knf.gov.pl/?articleId=81657&p_id=18

We identified our impact in the following areas: employees, customers, society, environment, economy and market environment.



The areas of impact we have identified are in line with our ongoing Sustainability (ESG) Strategy for 2022-2025. It is a key document that sets the direction of our activities, and the indicators we have set allow us to assess the progress in our activities in each strategic area. 2022 was the first year to give us the perspective to assess the effects of our actions. Under each area discussed, we describe how its implementation links to our Sustainability (ESG) Strategy.

Additionally, each of the presented impact areas is described in detail in the individual chapters of our Integrated Report for 2022. The selected impact areas are not ranked in order of importance, as they are all equally important.

Implementation of the Sustainability (ESG) Strategy for 2022-2025 in the Communication area in 2022

Conduct a study of our activity's impact on the economy and society and publish the results.

goal achieved



Employees

2,960

employees
(64% women; 36% men)

3.4%

people with disabilities
in the ERGO Hestia Group

100%

employees under
employment contracts

32

training hours per
employee per year

50/50

Management:
50% women / 50% men

98%

full-time employees



88%

employee
satisfaction rate

since 2021

holding the Great Place to Work
and Top Employer certificates

**since
2020**

on the Diversity
in Check List

9.2%

The number of all ERGO Hestia
employees is equivalent to 9.2%
of the population of Sopot*

* According to data from the Local Data Bank, in 2022 Sopot had 32.28 thousand residents.
[Statistics Poland - Local Data Bank \(stat.gov.pl\)](https://stat.gov.pl)

Employees are a key area of influence we have identified. Human capital is our most important asset, through which we grow our business by offering products of the highest quality.

In line with our ESG Strategy, we invest in the development and engagement of our employees through a range of solutions. We take action to support their health, invest in their development and offer them the opportunity to change career paths. We also look after the wellbeing of our employees and provide benefits for their families. We play an important role in their lives and make a positive impact by offering: security, stability and good working conditions; openness to employees with different needs and from different groups.

In 2022, the ERGO Hestia Group was among the 11 employers that scored over 80% of all available points in the Diversity IN Check survey. The survey confirms the maturity of companies in managing diversity and promoting social inclusion.

We have identified the impact on employees and potential candidates (workplace) in 2022 in the following areas:

Taking action to build employee engagement	Offering workplace benefits and facilities	Various dimensions of support for people with disabilities
<ul style="list-style-type: none">• Maintaining stable employment• Permanent forms of employment (indefinite term contracts)• Reskilling programmes (bootcamps)• Internship programmes• Signing the Diversity Charter and implementing its demands• Development programmes: HART, ABC of Leadership, Share the Knowledge, etc.• Special course of studies at Kozminski University• Flexible working hours and hybrid work	<ul style="list-style-type: none">• Benefits supporting employees with disabilities• Healthy Employee Centre• Dental care• Psychological support for employees• Promotion of cycling to work• Company canteen for employees• Organisation of joint activities, e.g. winter swimming• Development of digital solutions and partial automation of processes• Benefits to support parents, including a kindergarten for children of employees	<ul style="list-style-type: none">• Creation of an inclusive workplace with benefits supporting people with disabilities• Employment of people with disabilities• Insurance products and services tailored to the needs of people with disabilities• Support through the activities of the Integralia Foundation• Solutions making work easier for people with disability

In the value creation model, this area is HUMAN AND INTELLECTUAL CAPITAL.



Implementation of the Sustainability (ESG) Strategy for 2022-2025 in the Attractive employer area in 2022

Maintain an employee engagement rate of > 85% in each survey and achieve the highest employee engagement rate within the ERGO Group.

goal achieved
at 88%



Maintain the position of the leading employer in independent rankings such as Top Employer / Great Place To Work and Diversity IN Check

goal achieved
Achieve the titles:
TOP Employer,
Great Place to Work®,
Diversity IN Check



Maintain the employment ratio of 50% women and 50% men at the level of Directors reporting directly to Company's Management Board members and at least 40% proportion of women as Directors and Deputy Directors

goal achieved
50% women / 50% men



Implement a programme to support Work-Life Balance and work with caring roles for women and men by the end of 2023

in progress
goal for 2023



Achieve the ratio of average number of training hours per employee > 30 h

goal achieved
32 h/per active employee





Customers

>3 million

customers
2.7 million individual customers and
311 thousand corporate customers

PLN 4.2 bn

paid out as gross claims
and benefits

48%

of complaints resolved
within 5 days

893

reports to the Customer
Ombudsperson

648

customers chose
a bicycle instead
of a replacement car

67

Individual Rehabilitation and
Support Plans implemented
for accident victims

9.8%

the share of the ERGO
Hestia Group in the total
amount of insurance claims
and benefits paid out in 2022
(PLN 44.4 billion)

11.3%

(or PLN 8.2 billion) spent
by customers on ERGO
Hestia insurance products
in 2022 (total amount
PLN 72.4 billion).

Impact on customers in numbers:

	2020	2021	2022	Growth rate
Total gross claims and benefits paid [PLN billion]	3.6	3.82	4.2	9.9%

Working with our customers is an important element of our business. In our activities we focus on providing customers with the highest possible level of service – from the moment a contract is signed, through the process of notifying a claim, to settlements. In the most difficult cases, we help our clients to recover by providing care through the Personal Injury Rehabilitation and Support Centre.

The insurance we offer is based on appropriate risk calculations, ensuring that the price is right for the cover. We are committed to building our growth in a stable way, while ensuring the safety of our customers.

If our analysis shows that the risk we have assumed is too great, the insurance can be reinsured - and in this case the customer can be sure that we are still able to do business despite the significant risk we have assumed.

We have a strong market position with an 11.3% share in the premium market and we generate a total premium income of PLN 8.2 billion. The high level of our products and excellent customer service is confirmed by awards such as the 2022 Quality Service Star. We set high standards and we believe that the presence of different insurance companies stimulates the entire market, but also results in higher quality of service, a more accessible offer and competitive prices.

We have identified the impact that offered products and related activities had on customers in 2022 in the following areas:


Commitment to high quality of customer service	Customer health and safety measures
<ul style="list-style-type: none">• Digitisation and digitalisation of customer service processes (including chatbots, remote assessment of claims)• Application of customer experience (CX), including the use of plain language principles• Undertaking preventive measures before complaints• Remediation initiatives for projects addressed to customers• Reduction of employee and customer involvement in the claim process• High-quality dedicated advertising and marketing campaigns• Publication of the “Risk Focus” magazine• Adaptation of product portfolio to current social needs• Polish sign language interpreter for deaf customers (Migam)	<ul style="list-style-type: none">• Comprehensive post-accident rehabilitation through the Personal Injury Rehabilitation and Support Centre• Claims paid to the injured individuals

In the value creation model, this area is OPERATIONAL AND RELATIONAL CAPITAL.




Implementation of the Sustainability (ESG) Strategy for 2022-2025 in the Responsible selling area in 2022


Maintain status as a signatory to the Declaration of Responsible Selling programme.

goal achieved 

Achieve the highest NPS ratio in the Polish insurance market according to TNS survey by the end of 2023

goal achieved 38.5* 

Maintain complaint ratio at <0.50% using data from annual Financial Ombudsman reports

goal achieved 0.27 

* Based on the 2022 Quality Star survey



Society

1,016

stakeholders of the Integralia Foundation

PLN 3.36 m

amount spent by ERGO Hestia on sponsoring

102

persons with disabilities professionally active in the ERGO Hestia Group

PLN 3.35 m

value of donations made

We understand our activity as much more than offering insurance products. We also strive to make a positive social impact in areas that are important to us – supporting people injured in accidents, activating professional careers of people with disabilities and promoting the arts.

11,075

hours of volunteer work

Hestia Park

has the size of 3 football fields

To achieve this, formal structures have been set up within the ERGO Hestia Group to ensure that the activities carried out are of a high professional and organisational standard. These include the Personal Injury Rehabilitation and Support Centre, the Integralia Foundation and the Hestia Artistic Journey Foundation.

We have identified social impact in 2022 in the following areas:

Activities for the benefit of the local community, voluntary and charitable activities	Sponsorship of events and sports facilities	Activities to promote the arts	Support for Ukrainian citizens through
<ul style="list-style-type: none">• Voluntary activities, including employee volunteering• Donations made• Activities for the benefit of the local community, including operation of the Hestia Park.	<ul style="list-style-type: none">• ERGO ARENA, Hestia Sopot Sailing Club, etc.	<ul style="list-style-type: none">• Support and education for artists• Organisation of literary and artistic contests• Presentation of the works of Polish artists	<ul style="list-style-type: none">• Review of applications, payment exemptions, concessions for Ukrainian citizens• Employment of Ukrainian citizens• Promotion of the learning of the Polish language by people from Ukraine

In the value creation model, this area is OPERATIONAL AND RELATIONAL CAPITAL.



Implementation of the Sustainability (ESG) Strategy for 2022-2025 in the Society area in 2022

Reach at least 25 new PwDs* professionally activated every year by the Integralia Foundation

goal achieved
people with disabilities employed by Integralia in 2022 - 27



Maintain the ratio of 100% of employees trained every year in communication and cooperation with PwDs

goal achieved
each new employee has undergone training



Increase the number of Individual Rehabilitation and Support Plans (IPPs) for the injured every year

goal achieved



Adapt 100% of websites, services at Standard Points, GTCIs and procedures for people with disabilities by the end of 2023

goal in progress
the website has been adapted, GTCI are currently being simplified, the form satisfies accessibility requirements



Continue sponsorship projects in the areas of sport, culture and education and monitor the impact on Sustainable Development goals

goal achieved



* OzN – PwDs - People with Disabilities



Natural environment

97%

of electricity comes from renewable sources

42%

hybrid cars in fleet

10%

reduction in carbon footprint per employee compared to 2019 (baseline)

4

environmental products

520,000 kWp

of energy capacity of insured photovoltaic farms

EMAS and ISO 14001

Our environmental impact and our efforts to combat climate change are presented in our Sustainability Strategy.

We aim to achieve climate neutrality while contributing to the limitation of global temperature increase to less than 2°C.

Our efforts to reach net zero emissions is based on 3 pillars:



Own business



Insurance portfolio



Investments




We have identified our impact on the natural environment and climate change (climate) in 2022 in the following areas:

Efforts to minimise negative impacts, including through actions towards a low-carbon economy	Resource consumption	Educational activities
<ul style="list-style-type: none">• Strategy for actions towards a low-carbon economy• Addition of green products to the portfolio• Expansion of our hybrid fleet• CO₂ emissions from the investment portfolio• CO₂ emissions from the customer portfolio• Own CO₂ emissions (impact of activities)• Operation of vehicles and consumption of fuel, including emissions	<ul style="list-style-type: none">• Shift to digital solutions for electronic circulation of documents• Hybrid working• Online training• Online risk audits• Online promotional materials• Electronic Christmas cards• Up-cycling of post-accident materials• Large number of printers in the company• Large number of paper documents (internal regulations, cooperation agreements, agency agreements)	<ul style="list-style-type: none">• Expansion of the company's range of environmentally friendly products• ESG education of employees• ESG training for agents, brokers and customers• Earth Day in iPunkt application (a tree for a signed policy)• Promotion of environmentally-friendly conduct: the Bicycle Forever programme

In the value creation model, this area is ENVIRONMENTAL CAPITAL.



Status of implementation of the Sustainability (ESG) Strategy for 2022-2025 in the Transformation area in 2022

<p>Reduce carbon footprint per employee by 12% by 2025 (vs. 2019)*.</p> <p>goal in progress 10% reduction versus the 2019 baseline in the area measured by the Group</p> <p></p>	<p>Maintain ISO 14001 and EMAS environmental certification.</p> <p>goal achieved</p> <p></p>	<p>Implement innovative products and services to support the transition to a low-carbon economy (for individuals and businesses) and projects that save natural resources, prevent waste and minimise environmental impact by 2023</p> <p>goal in progress</p> <p></p>
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* 10% reduction versus the 2019 baseline in the area measured by the Munich Re Group.



Economy and market environment

PLN 1.8 bn

of total added value created

9,320

induced jobs

PLN 383 m

of taxes paid to the state
budget*

98%

of our suppliers are
Polish

310

number of days that the city of Sopot
could function for the amount of taxes
paid by the ERGO Hestia Group

PLN 15.3 bn

total value of insurance assets
of the ERGO Hestia Group in 2022

Insurance premiums in 2022:

- Total amount of premiums in the insurance industry: PLN 72.4 billion, of which PLN 21.5 billion in life insurance and PLN 50.8 billion in non-life insurance.
- Premiums in ERGO Hestia Group: PLN 8.2 billion, of which PLN 0.5 billion (2.3%) in ERGO Hestia na Życie SA and (15.2%) in ERGO Hestia SA

Claims and benefits paid out in 2022:

- Insurance industry total: PLN 44.4 billion, of which PLN 18.9 billion in life insurance (Section I) and PLN 25.5 billion in non-life insurance (Section II)
- ERGO Hestia Group: PLN 4.2 billion (9.5% of total market payouts), of which PLN 0.28 billion (0.6%) in life insurance (Section I) and PLN 3.9 billion (8.8%) in non-life insurance (Section II)

* This number does not include: additional fees paid to the state budget, including: official fees and amounts paid to the Social Insurance Institution.

Details of business partners:

PLN 1.8 billion in commissions paid to intermediaries

PLN 392 million in payments to contractors

4,083 suppliers and contractors

98% of suppliers are Polish companies

More than 94% of invoices to contractors are paid within 5 days

4,970 agencies, brokers, banks and other business partners

63,172 natural persons performing agency activities (OFWCA)

2 days - average time of payment of invoices to intermediaries

Received the Fair Play award from the Polish Association of Insurance and Reinsurance Brokers **for the 14th consecutive year.**

Running a business is based on using and processing different types of capital to create value. This is one of the most popular measures of social well-being. In our activities, we use financial, human and intellectual, operational and relational, social and environmental capital. We also use various types of physical resources and services that create value. Ultimately, the value is shared among the various stakeholders identified by the Group: shareholders, employees, the state budget, capital suppliers and others. Our impact is significant from the perspective of both the near and distant environment and the economy as a whole.

In our core activity, we create direct effects, including job creation and generation of income. Across our value chain, we establish cooperation, use market goods and services, and thus have an impact on inducing value in the supply chain. These are the indirect effects of our activities, which arise in various sectors of the economy. Our employees and associates also generate spending, thereby stimulating demand. This drives growth in the wider economy through a multiplier effect, also known as induced growth.

The economic impact of a company on its environment is analysed in terms of the added value it creates. The indirect and induced impacts are then calculated on the basis of the models describing the structure of the economy, including the input-output model and the input-output table. Therefore, the unique characteristics of the insurance industry also affect the activities of other market participants and influence the decisions they make. Stability, associated with the ability to reduce or eliminate certain risks, is reflected in the development of their activities and the execution of investments. As a result, jobs are created and income is generated. This is considered as a wider economic impact of the company, which can be seen in the long term. It is relevant to the economy as a whole, especially during periods of increased uncertainty.

The company's impact analysis is also considered in terms of its social and fiscal effects. The key indicators used in this perspective are associated with job creation and increases in household income (in three ways: directly through wages and bonuses; indirectly for suppliers of products and services; and as an induced effect throughout the economy). An increase in household incomes has an important effect on domestic consumption, which results in taxes flowing into the state budget and causes an increase in global production.

Employment and the resulting salaries affect the quality of life of employees and their families. In our operations, we develop our employees by creating an offer of diverse training and development programmes. We see this as an important part of the human capital development process.

From an economic perspective, there is another type of impact: fiscal impact, which includes taxes and contributions paid to the state budget.

We have identified our impact on the economy and market environment in 2022 in the following areas:

Cooperation with partners, contractors and suppliers	Taxes and regulations and requirements for insurance companies
<ul style="list-style-type: none">• Significant level of cooperation with external suppliers, including ones from the local market• Job creation for intermediaries• Incentive schemes for intermediaries• Cooperation with consultants• Good practice of selecting suppliers and partners from outside of sanctions lists• Employment of local risk engineers	<ul style="list-style-type: none">• Taxes paid• Inflation• Involvement in legislative work, including for the safety of the sector

Status of implementation of the Sustainability (ESG) Strategy
for 2022-2025 in the Relationships with partners area in 2022

Maintain the ratio of >90% of key
suppliers and contractors who
have ratified the Code of Conduct
of Suppliers and Contractors
of the ERGO Hestia Group

goal achieved
97%



Identified factors that had a negative effect on ERGO Hestia Group's financial
performance in 2022:



price war with other insurers



high inflation



regulations
at the government and
EU levels



PFSA's claims handling
guidelines



motor insurance claims
paid due to fraud



fraud problem

* These factors were identified during workshop work with representatives of the ERGO Hestia Group.

Category	Direct impact	Indirect impact	Induced impact	Overall impact
	is related to ERGO Hestia Group's direct activities in the economy	is due to expenditures and investments of the ERGO Hestia Group, as a result of which business partners and suppliers employ additional people to whom they pay salaries and generate additional added value in the economy	results from demand created in the economy by the people employed by ERGO Hestia and its business partners and suppliers, who buy consumer and investment goods using their salaries	is the sum of the direct, indirect and induced impacts
Employment 2022	2,960	5,322	1,038	9,320
Employment 2021	2,860	4,829	961	8,650
Growth rate	3.5%	10.2%	8.0%	7.7%
Value added in PLN million 2022	714	905	195	1,815
Value added in PLN million 2021	780	822	164	1,766
Growth rate	-8.5%	10.1%	18.9%	2.8%

Direct impact

Our efficient use of resources has contributed to an increase in economic prosperity. This is shown by the value added indicator, understood as the direct income effect created by the company's activities. Direct impact of the ERGO Hestia Group amounted to PLN 714 million in 2022. Value added reflects the contribution of the Group's entities to the Gross Domestic Product (GDP).

A considerable part of ERGO Hestia Group's activities is carried out in the Pomerania region, specifically in Sopot and Gdańsk, which means that it contributes to the creation of wealth in the region. We looked at gross value added generated by the Group's entities (PLN 714 million) in the context of the GDP of the Pomerania region, which amounted to PLN 157.5 billion in 2021*.

At the time of preparing this report, data for 2022 were not available, so the regional data were updated to 2022 in accordance with the preliminary estimates of Poland's GDP in 2022 as published by Statistics Poland.

The employment effect, defined as jobs created in connection with the direct activities of a company, is a factor included in the direct impact. In 2022, the ERGO Hestia Group employed 2,960 people on a full-time equivalent basis. This represented a 3.5% increase in employment compared to the previous year.

* Statistics Poland (GUS), 2022, Preliminary estimates of gross domestic product as at 30 December 2022, by region in 2021

Key figures:

- The ERGO Hestia Group generated direct added value of PLN 714 million, which is 0.4% of the GDP of the entire Pomorskie Voivodeship.
- We generate on average 70% more added value (GDP) per employee than the average company in Poland.

Indirect impact

The indirect economic impact of a company on its environment is analysed in terms of employment and income generated in its supply chain.

To calculate the level of production generated by suppliers, we added up the expenditures on third-party products and services and the costs related to investments made by the ERGO Hestia Group. In 2022, the level of production generated by suppliers and contractors amounted to PLN 2,901,450,646. This is 10% more than in the previous year. The induced production was linked to 5,322 jobs in 2022, which was 10% more than in the previous year.

By using the average value added per employee in the various sectors of the economy, it is possible to calculate the value added generated indirectly by the companies of the ERGO Hestia Group. Thanks to the realised purchases of products and services from suppliers and contractors, the value added generated

by the companies of the ERGO Hestia Group in 2022 amounted to PLN 905,988,354, up by 10% compared to 2021.

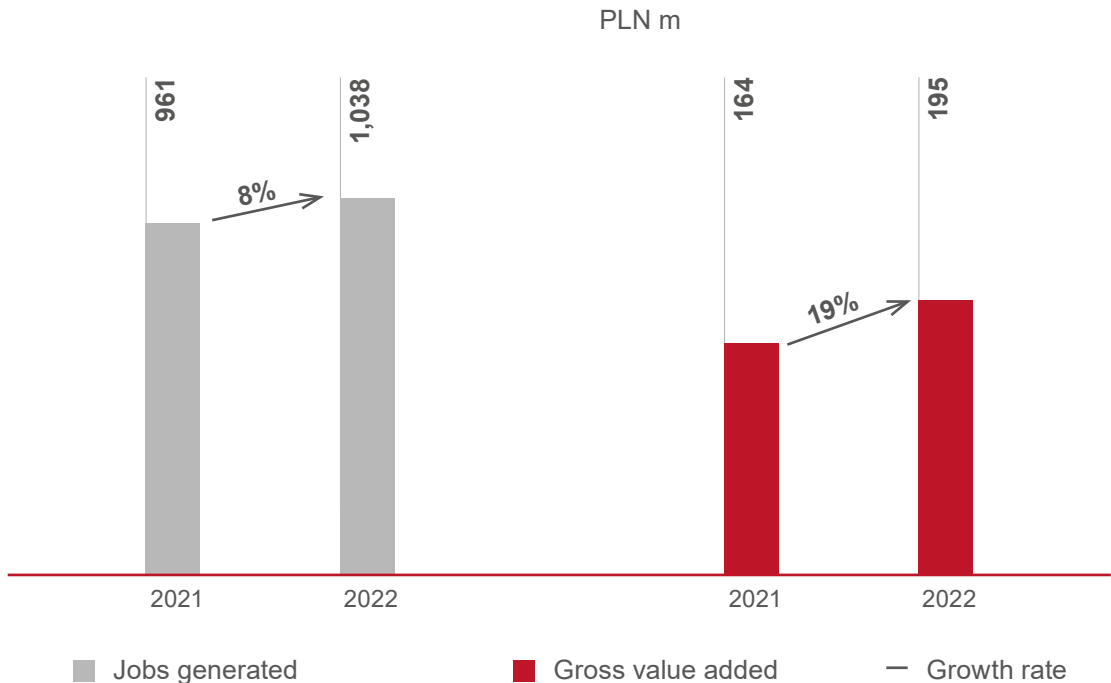
Indirect impact	2021	2022	Growth rate
Jobs generated [number]	4,829	5,322	10%
Gross value added [PLN million]	822	906	10%

Induced impact

Induced impact is another important area of impact for an organisation. It includes the expenditures of those working in the organisation and other indirectly connected organisations, which drive demand for goods and services in the economy as a whole. This creates demand multiplier effects, also known as induced impact. Its magnitude is calculated as the annual sum of the wages and salaries of employees directly employed by a company and those whose work indirectly depends on the activities of Group companies.

In 2022, through our activities and via the multiplier effect also through expenditures of people employed in Group companies and those linked to our activities indirectly, we generated gross added value estimated at PLN 195.4 million. It is 19% higher than in 2021.

The induced production was linked to 1,038 jobs, which constitutes the induced employment effect of the activities conducted by ERGO Hestia Group companies. Compared to 2021, induced employment increased by 8%.



Impact on the economy and market environment – key figures:

Suppliers	2021	2022	Growth rate
Number of suppliers cooperating with ERGO Hestia Group	3,415	4,083	19.6%
Number of suppliers from Poland	3,368	3,989	18.4%
Share of suppliers from Poland	99%	98%	-1.0%
Number of suppliers registered outside Poland	47	94	100.0%
Share of suppliers registered outside Poland	1%	2%	100.0%
Number of suppliers from the Pomorskie Voivodeship	736	816	10.9%
Share of suppliers from the Pomorskie Voivodeship	22%	20%	-9.1%

Fiscal impact and other data

Fiscal impact refers to the amount of taxes paid by the organisation to the local or central government budget. The total amount of taxes paid by ERGO Hestia in 2022 is PLN 383,418,314, which is 6.5% higher than in 2021.

	2022	2021	Growth rate
CIT and PIT amount (PLN million)	276.7	122.8	125.3%
Amount of tax on certain financial institutions (“bank tax”) (PLN million)	55.6	52.2	6.5%
VAT amount (PLN million)	16.1	17.6	-8.5%
Real estate tax amount (PLN million)	0.4	0.4	0.0%
Other taxes not mentioned above, including local (PLN million)	54.1	51.7	4.6%
Official fees	18.4	17.8	3.4%
Other payments	114.2	97.4	17.2%
Total (sum of all taxes paid) (PLN million)	535.5	359.9	48.8%

	2022	2021	Growth rate
Total amount of taxes and fees paid to the state budget (PLN million)	277.1	123	125.3%
	2020	2021	2022
How many days the city of Sopot could function for the amount of taxes paid by the ERGO Hestia Group	264	300	310

PLN 277.1 m

Total amount of taxes and fees paid to local government budgets in 2022

Importance of activities conducted by an insurance company for the operation of other market players:

- Gross premiums written by ERGO Hestia companies amounted to 11% of all insurance market premiums
- Polish insurers generated a net profit of PLN 6 billion
- ERGO Hestia generated 5% of the insurance market's profit
- Insurers paid income tax of PLN 1.4 billion to the state budget
- The amount of CIT paid by the ERGO Hestia Group was 10% of taxes paid by insurers.

In the value creation model, this area is FINANCIAL CAPITAL.



Methodology

Description of approach to calculating impact on the economy and market environment

One of the dimensions of impact of a company on its environment is its social and economic impact. The activity conducted by the ERGO Hestia Group and its cooperating suppliers and business partners contribute to employment growth and value creation in the economy as a whole. According to the adopted methodology, the economic impact of the ERGO Hestia Group is divided into direct, indirect and induced impacts.

Direct impact refers to the employment and value added generated within the organisation's structures and in connection with its direct operations.

Value added can be calculated by using different approaches. It should correspond to the excess of a company's income above its costs and should be reflected

in the directions of its distribution to employees, who receive remuneration for their work; to capital providers, who receive interest; to shareholders, who receive dividends; to the national budget, which receives taxes; and to the company, which retains profit. In this report, gross value added is defined as the sum of employee remuneration amounts and profit before tax. The direct employment effect is defined as the number of employees of the ERGO Hestia Group, in full-time equivalents.

Indirect effect is the result of the ERGO Hestia Group's expenditure on the purchase of products and services used in its core business. These purchases drive production levels at suppliers and business partners, which in turn leads to increased employment and value added by them. Then indirect income and employment effects arise, which are calculated by using input-output tables that reflect the interdependencies between different sectors of the economy and show how the products of one sector are used by other

sectors of the economy. The indirect income and employment effects are calculated on the basis of input-output tables, using average labour productivity and value added rates per employee.

At the time of the study, the most recent input-output tables were included in the "Input-output balance at current base prices in 2015" published by Statistics Poland in 2019. The balance is published every 5 years. The data from the balance publication were adjusted with the inflation rate, while added value was adjusted by using the GDP deflator.

Induced impact is driven by the demand generated in the economy by people employed by the company and by its suppliers and business partners. These individuals purchase goods and services for the remuneration they receive for their work, which increases output, employment and value added throughout the economy. The induced impact is calculated by adding up the value of remuneration paid to employees whose work is directly and indirectly related to the activities of the company being analysed, and then applying the multiplier effect to determine the increase in employment and value added.

Overall impact is the sum of the direct, indirect and induced effects. The multiplier is calculated when the sum of the indirect and induced effects is divided by the direct effect. The multiplier indicates how many additional jobs are generated in the economy by one job in the company and how much additional value added is generated in the economy by one unit of value added generated directly in the company.

The social and fiscal impacts were calculated on the basis of information provided by the Companies and using publications from Statistics Poland. The analysis presented in this report focuses on ERGO Hestia Group companies and refers to their operating activities in the calendar year 2022. The calculations used information such as employment, tax and financial data of ERGO Hestia Group companies for 2022, as well as publications of Statistics Poland and the Polish Chamber of Insurance.

The ERGO Hestia Group is responsible for the accuracy and completeness of the data provided and used in the analysis. The TAILORS Group is responsible for the methodology applied, for the analysis and results presented in the report.

Impact barometer

The ERGO Hestia Group joined the 17 Goals Campaign, which mobilises the Polish business community to take action to achieve the Sustainable Development Goals and seize the business opportunities created by the 2030 Agenda.

As part of the campaign, an Impact Barometer was developed in cooperation with Statistics Poland (GUS). This is a tool to calculate a company's contribution to the 2030 Agenda, developed as a result of extensive expert consultations, including with the participation of ERGO Hestia.



Metric no.	2020	2021	2022	2022/2021 change
Goal 3: Ensure healthy lives and promote well-being for all at all ages				
3.1 Average employee health expenditure	PLN 1,030	PLN 1,125	PLN 1,302	+14%
Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all				
4.1 Average number of training hours per employee	12.9	24	29*	+5 p.p.
4.2 Percentage of school and university students covered by educational support in relation to the number of employees	1.83%	2.17%	2,39%	+0,22 p.p.
4.3 Percentage of employees trained in sustainability	100%	100%	100%	Unchanged
4.5 Percentage of people covered by education on sustainability in relation to the number of employees	9%	27%	36%	+9 p.p.
Goal 5: Achieve gender equality and empower all women and girls				
5.1 Percentage of women in management positions	51%	51%	50%	-1 p.p.
5.4 Percentage of employees trained to address mobbing, sexual harassment, violence and discrimination	100%	100%	100%	Unchanged

* Average number of training hours including active and inactive employees. Data provided based on the methodology for the Impact Barometer. It is a tool for measuring the impact of business on the implementation of the 2030 Agenda in Poland.

Metric no.	2020	2021	2022	2022/2021 change
Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all				
8.2 Percentage of employees with an employment contract	100%	100%	100%	Unchanged
8.5 Employee turnover**	6%	10%	13%	+3 p.p.
8.6 Percentage of employees with disabilities	3.0%	3.3%	3.4%	+0.1 p.p.
Goal 12: Ensure sustainable consumption and production patterns				
12.2 Energy efficiency (MWh/employee)	546	570	405	-28.9%
12.3 Share of renewable energy used	59%	55%	58%	+3 p.p.
12.4 Greenhouse gas emissions – Scope 1+2 (tonnes CO ₂)	5,067	4,317	4,107	-4.8%
12.5 Water efficiency (m ³ /HQ employee)	528	585	450	-23.1%

** Ratio of voluntary departures to the total number of employees.

Chapter 6

Impact on employees



Our workplace

[GRI 404-1]

We create jobs for people all over Poland, and relationships with Hestians are one of the most important areas of impact identified by us. In accordance with the Sustainability Strategy (ESG) for 2022-2025, we do our best to be considered an attractive employer – we invest in the development and support our employees' involvement. Our ambition is to build a friendly work environment conducive to development so that our employees have the proper conditions for growing and utilizing their potential and knowledge, creating products and services of the highest quality.

Our efforts are confirmed by the findings of international engagement surveys and awarded certificates – Top Employer Polska 2022, Great Place to Work® 2022 and Diversity IN Check. They demonstrate our commitment to the highest standards of HR management, organisational culture, diversity and inclusion.



Our priorities in relation to our employees focus on several dimensions:



development and improvement of competences



health



company life



family and spare time

In the Great Place to Work® survey, as many as 96% employees believe that people working for the ERGO Hestia Group are treated equally, 95% think that the company creates secure working conditions, and 91% say that every new employee encounters a friendly reception.

Development and improvement of competences

Development of our employees is one of the key areas in which we propose various solutions to meet their needs as comprehensively as possible. Hestians may use two paths for **developing their competences** – expert and managerial.

In 2022, **1,142 employees** participated in the **expert path**. Specialist training and exams were held in four thematic areas: sales, underwriting, loss adjustment and IT. Furthermore, we decided to introduce certification of internal trainers who have conducted training for employees within the development programme #Podziel się wiedzą (#Share the knowledge).

628 employees took advantage of development programmes on the managerial path.
They developed their competences by participating in the following initiatives:

Hestia Academy for Talent Development (HART)

for talented employees – people with leadership potential, outstanding commitment to work and creative approach to their tasks. 17 editions have already been completed.

23 participants
10 business projects
60% graduates of the HART programme were promoted to managerial posts

Competences of a 21st century Leader a cycle of inspirational training courses on new trends in the area of management and business, open to senior managers.

2nd edition of the programme for directors and their deputies
35 participants in 2022

“Management in Insurance” postgraduate course the programme has been established to provide specialised training for employees of the ERGO Hestia Group. It enables the acquisition of a broad knowledge in the field of insurance combined with training in managerial competences. The programme is implemented in cooperation with one of the best business schools in Poland – the Kozminski University. Classes are conducted in three thematic blocks: Management, Insurance, Inspiration (ART and BUSINESS).

25 participants: 1st edition 2021/2022
25 participants: 2nd edition 2022/2023

Power MBA a fully remote, intensive business course developed on the basis of the microlearning model that follows a 10-month schedule of daily classes. The proposed materials are strictly connected with market trends and classes are taught in English. An important part of the learning process is knowledge sharing and networking.

2022 1st edition
37 participants

Bold leadership any manager can take part in the training, starting at a lower management level. The course consists of three online meetings and enables participants to acquire leadership knowledge and share their experiences.

2022 1st edition
19 groups
185 participants

The ABC of Leadership a programme for managers new to the role. It focuses on strengthening the skills required for the role of manager/leader and emphasises the need for participants to inspire each other and share their practical skills.

3 months duration
(we launched the 2nd edition in 2022)
40 participants in 2022
62 graduates in total by 2022

Manager Development Academy a programme addressed at managerial staff and employees with management potential from the Operations and Loss Adjustment Office. A programme was developed for people who are looking to develop their managerial competences or discover their potential for managing people. It includes meetings with experts, workshops for sharing knowledge and experience and mentoring sessions.

4 editions
224 participants in 2022

Development Programme for the Heads of Representative Offices – aimed at heads of sales forces (corporate and retail). It has a format of inspirational meetings combined with business workshops and sharing experience. Classes are conducted on-site. Classes are conducted by outstanding experts on: new technologies – Professor Aleksandra Przegalińska, strategic management – Professor Krzysztof Obłój, negotiations – Nikolay Kirov.

2022 1st edition
34 participants

1,142 Hestians in the **expert path** took part in development programmes in selected thematic areas. These include:

Analysis Forum the programme is addressed to data science professionals. The participants work using the latest technologies while developing their analytical skills to analyse real business cases. These projects are presented to the Management Board and implemented in the organisation.

9 months duration
3 editions – the 4th edition of the forum, which started in 2022, is continuing
22 participants of the 3rd edition
55 graduates

UpSkill Academy the aim of the Academy is to broaden knowledge and develop skills of using IT tools in data analysis. The participants take part in five thematic modules. In 2022, the first edition of the programme was held.

Programme duration April 2022 – March 2023
87 participants in 2022 (by the end of the 1st edition of the programme, there were **100** participants)

Programming Bootcamps (Java and RPA) - programmes aimed at Hestia's analytical talent and those wishing to develop their programming and robotics skills. Each edition is an intensive course for people who have never been involved with robotics before; after completing the course, they become independent programmers.

#Share the Knowledge a programme for employees willing to share their competences and experience to conduct training for other Hestians. Internal trainers receive tools to carry out the process. They use their creativity, enthusiasm and positive energy to engage in new activities. They share knowledge both in the area of insurance products, processes, operation of systems, programmes, legal issues as well as soft skills development.

3 editions
30 training topics (online and on-site training)
27 internal trainers
99 training courses
1,000 participants

[GRI 404-1]

Average number of training hours by employee's gender and position group*

	Women	Men	Grand total
Senior management	70	59	64
Middle management	56	66	61
Other employees	25	35	29
Total	28	39	32

45%
participants of development
programmes were promoted

32
training hours per active
employee**

* Average hours of training per year per active employee broken down by employment structure and gender. The indicator refers to training hours in relation to the average number of active employees in a given year. Employees who are inactive cannot be trained in a given year. Eliminating inactive employees from the calculations allows us to show the true extent of the organisation's employee development activities.

** Inactive employees are those who have not worked for at least 25 consecutive days, e.g. due to parental leave, additional parental leave, maternity leave, paternity leave, sick leave, etc. Other employees are considered as active.

approx. 85,000
training hours

80%
of the 154 robots supporting the technological
aspects of processes were developed
by bootcamp graduates, including **42** in 2022.

Hestians' health

We are particularly concerned about the health of Hestians. For many years, employees have been able to take advantage of the services of the Healthy Employee Centre, which offers consultations with general practitioners, specialists and dental care.

In 2022, we ran another edition of the OdNowa 2.0 wellbeing programme to help employees recover from the pandemic, including personal energy management through a series of webinars, meetings with special guests, participation in sports activities and

the opportunity to experience art through art workshops. We also offered classes with a personal trainer.

At the company, there are opportunities for everyday activities in the Healthy Employee Zone. The EHNews portal has a calendar of activities: functional training, Nordic walking, mindfulness, stretching or yoga, for any employee who can take part during their 45-minute break.

To promote health awareness, we organised special campaigns such as „Pink Ribbon” for breast cancer prevention (with a test offer and a webinar on the topic), „Movember” and „Cancer Days”. In addition, a mobile test stand from Mondial Assistance was made available to the employees for two days.

We have also established cooperation with renowned clinics and INVICTA medical diagnostic laboratories that offer comprehensive medical services. Hestians can take advantage of special discounts for tests and services.

>5,000

consultations with specialist doctors
at the Healthy Employee Centre

>500

participants of OdNowa 2.0.
Programme

1,399

participants of special
prevention campaigns

Company life

We strive to ensure that Hestians' workplace is comfortable and well suited to the tasks at hand.

Two cafeterias and a canteen are available daily for employees working in the Gdańsk and Sopot buildings. Every employee can buy meals and snacks at promotional prices, with the market value co-financed by the employer at a level of 10-30% (depending on the product). We encourage employees to cycle to work. Anyone who cycles on a given day can enjoy a free meal.

>700

meals daily distributed
in the canteen

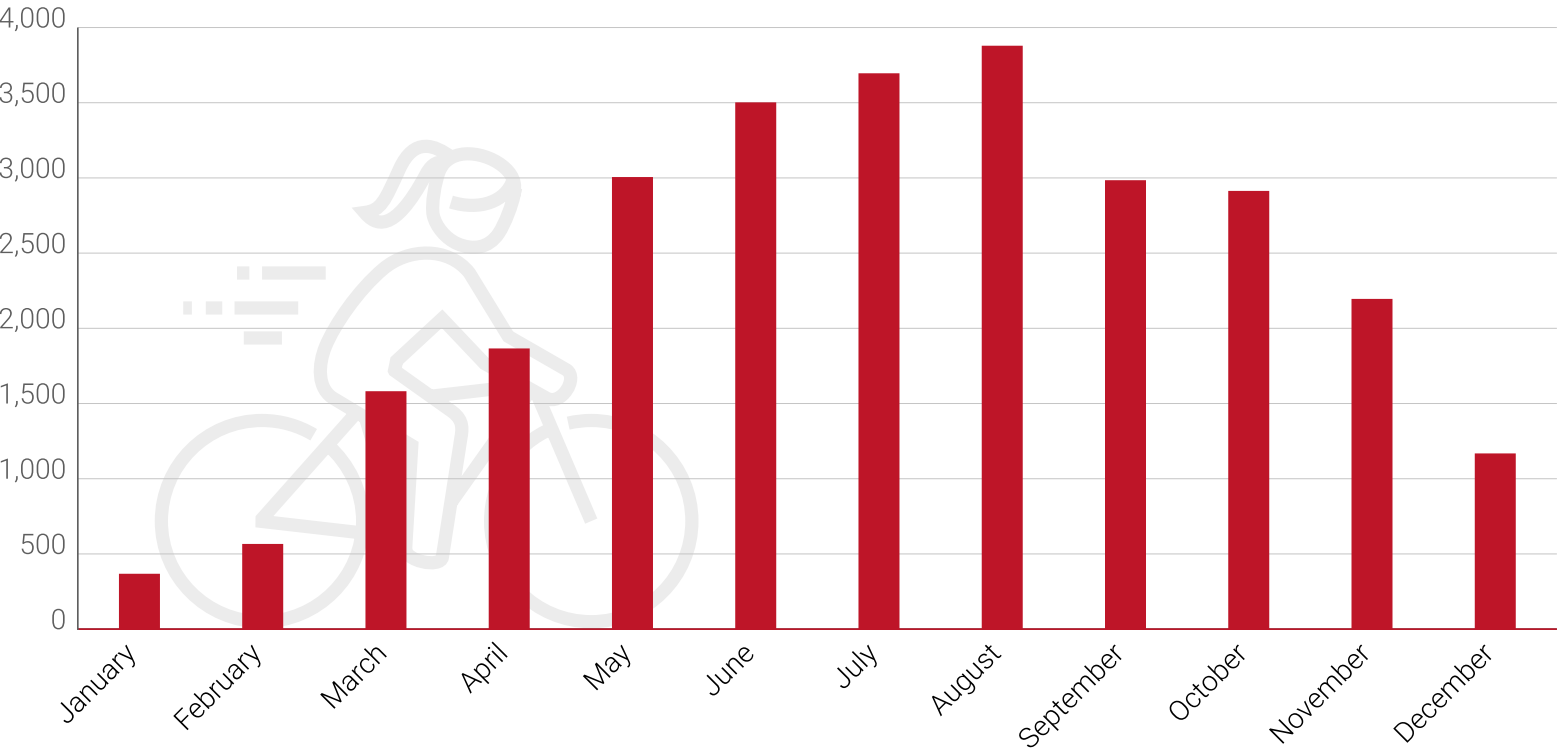
On average,

110

people cycle to work each
day

Total number of employees commuting to work each month

The data refer to employees commuting to the Head Office of the ERGO Hestia Group.



Hestian Budget

Last year, we introduced Hestian Budget. It is a programme modelled on citizen budget, which aims to encourage employees to launch initiatives to the benefit of the Hestian community.

Employees could propose projects that:

- address unmet employee needs (excluding those related to the IT infrastructure),
- build the Community Power and implement the ERGO Hestia Group Strategy,
- can be completed by the end of 2022,
- have a budget not exceeding the assumed gross amount of PLN 100,000,
- refer to the organisation of events, training courses, educational or sports classes having rules of recruitment or enrollment.

26
projects submitted

11
projects put
to the vote

1,172
employees took part
in the voting

PLN
100,000
total value of submitted
projects

Winning projects



Safe driving a school for safe driving. The aim of the training for employees was to increase their safety on the road (the major group of students were users of company cars).



Gdybalnia [Speculation Room] – renovation of the meeting hall to raise its standard. The room has been designed to be used for meetings and business workshops, but also as a relaxation area during breaks.

Family and spare time

We help Hestians balance work and family life. We suggest solutions that help them combine professional life with work.

In one of the company's buildings in Gdańsk, there is a kindergarten for our employees' children. During the summer holidays, school children can take advantage of sailing day camps organised in cooperation with our partner, the Sopot Sailing Club.

Hestians may participate in activities of a selected sports group: cycling, volleyball and badminton. Once a year, we organise the ERGO Hestia Cup sports competition during which the Hestians compete in 7 disciplines (football, volleyball, table tennis, basketball/ streetball, table football, badminton and chess). During the most recent edition, over 150 persons participated in the competitions.

For our employees, a pool of tickets is also available for events organised in ERGO ARENA, and the tickets may win prizes in internal contests.

72
Hestian children
in the kindergarten

100
children took part
in day camps

150
participants
of ERGO Hestia
Cup

Workplace in numbers

As one of the largest employers in the insurance market in Pomerania and Poland, we are committed to the development of Hestians so that they grow while appreciating the power that emerges from building a diverse organisation. We create our workplace based on values which we are guided by every day.



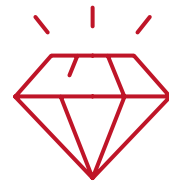
Community



Openness



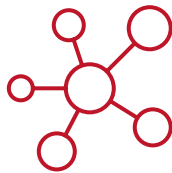
Simplicity



Highest standard
of work



Respect



Diversity



Innovation



Courage



Responsibility



Readiness to change

Who are the Hestians?

9,3%

of them are employees
aged over 50

38 years

average age of all
employees

9 years

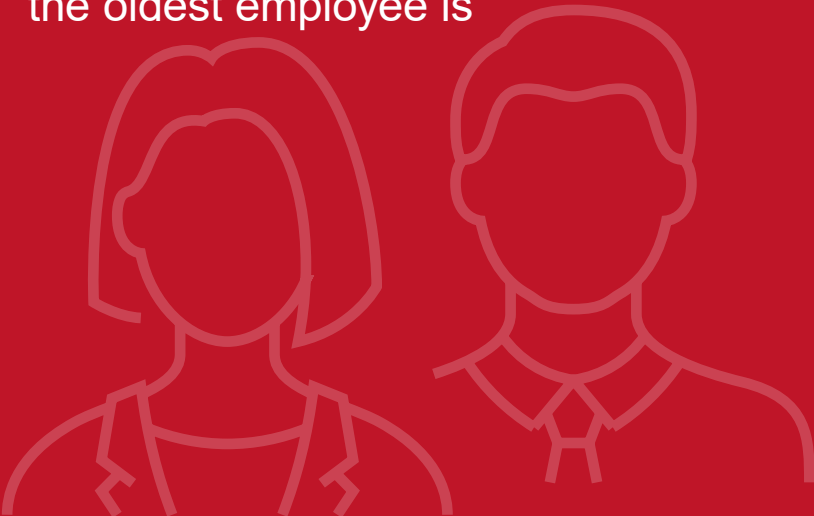
average seniority

71 years old

the oldest employee is

19 years old

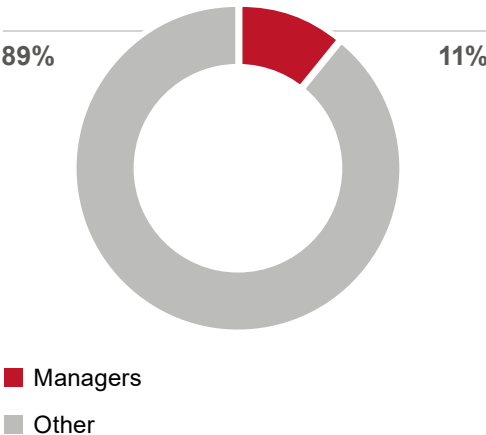
the youngest



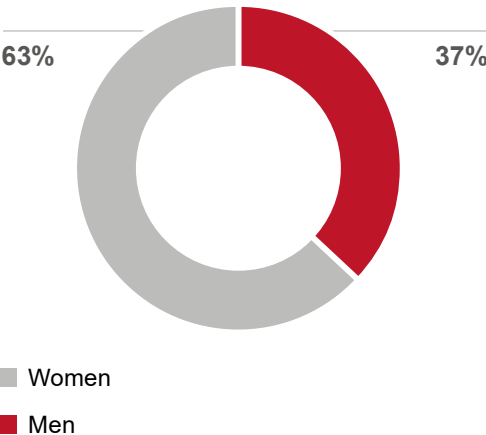
2,960

Employees in 2022

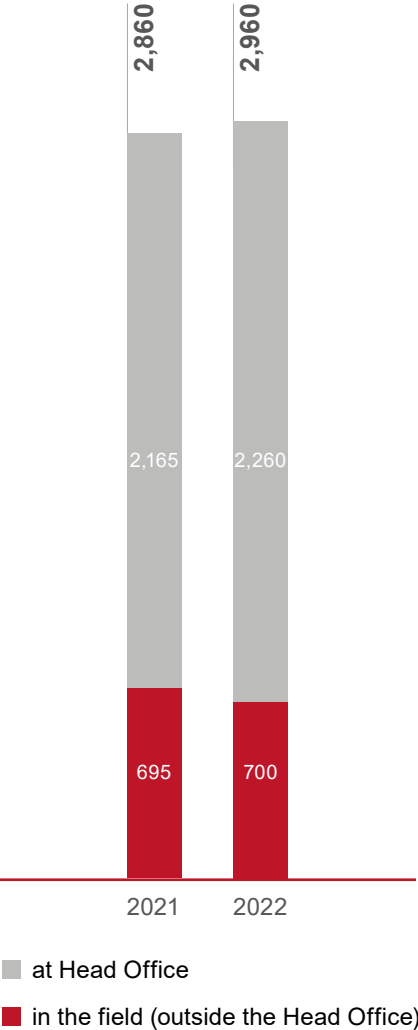
Organisational structure



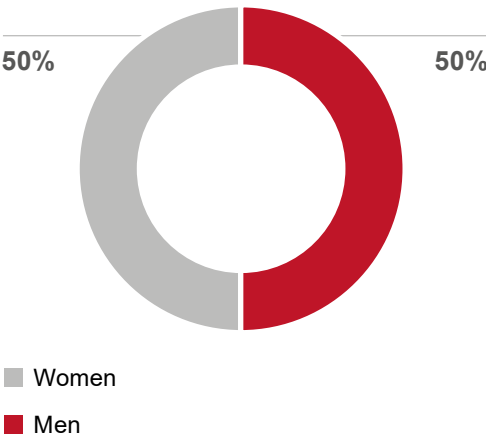
Gender structure - total



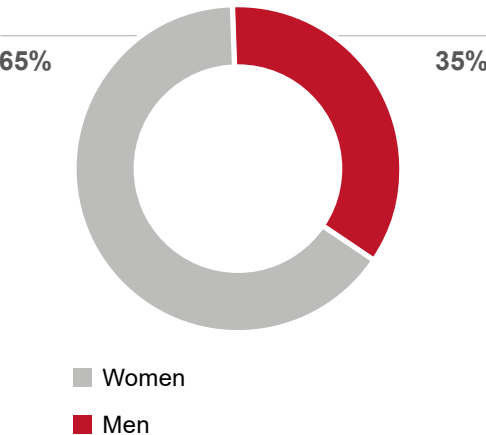
Number of persons employed under an employment agreement



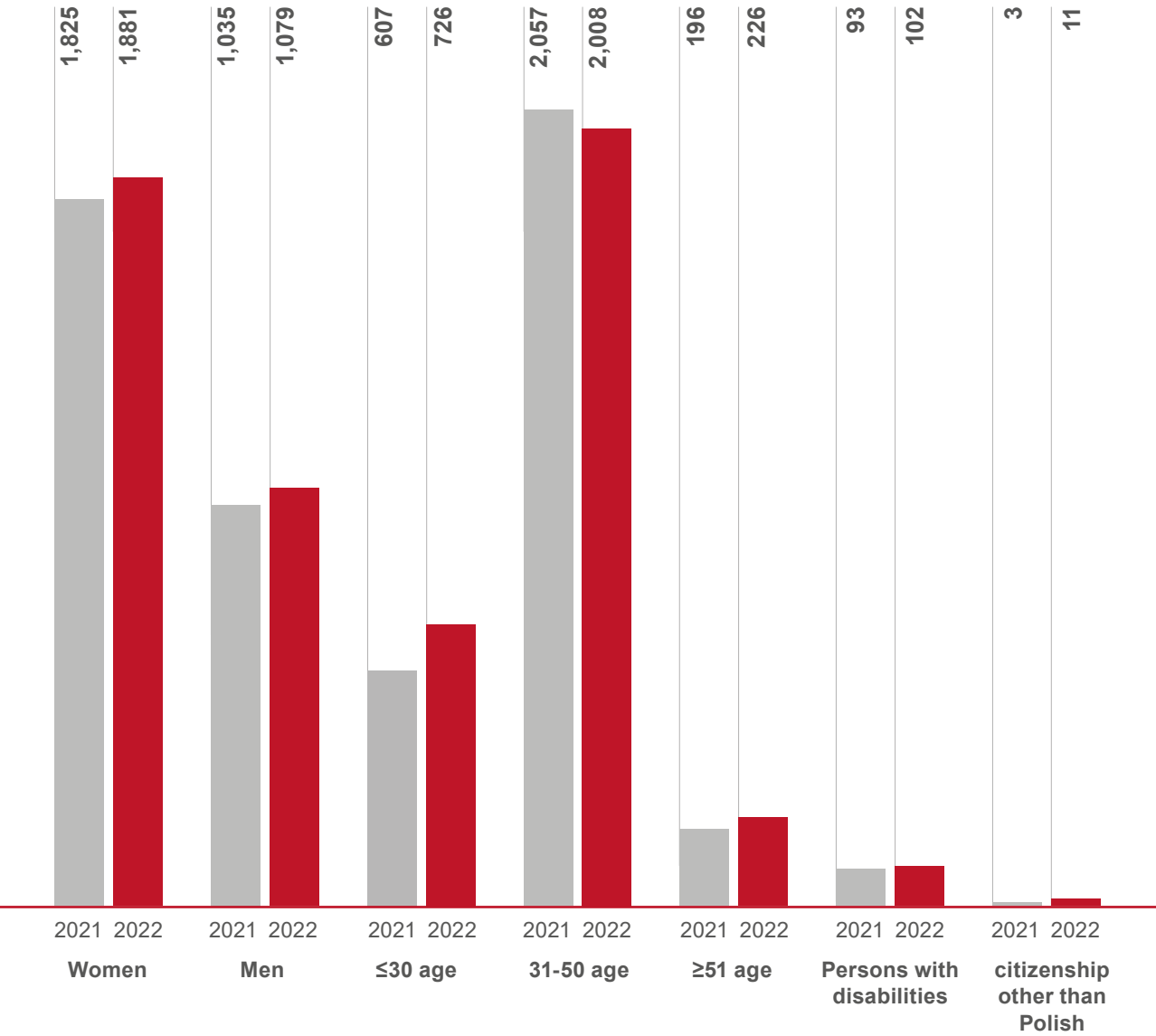
Gender structure - managers



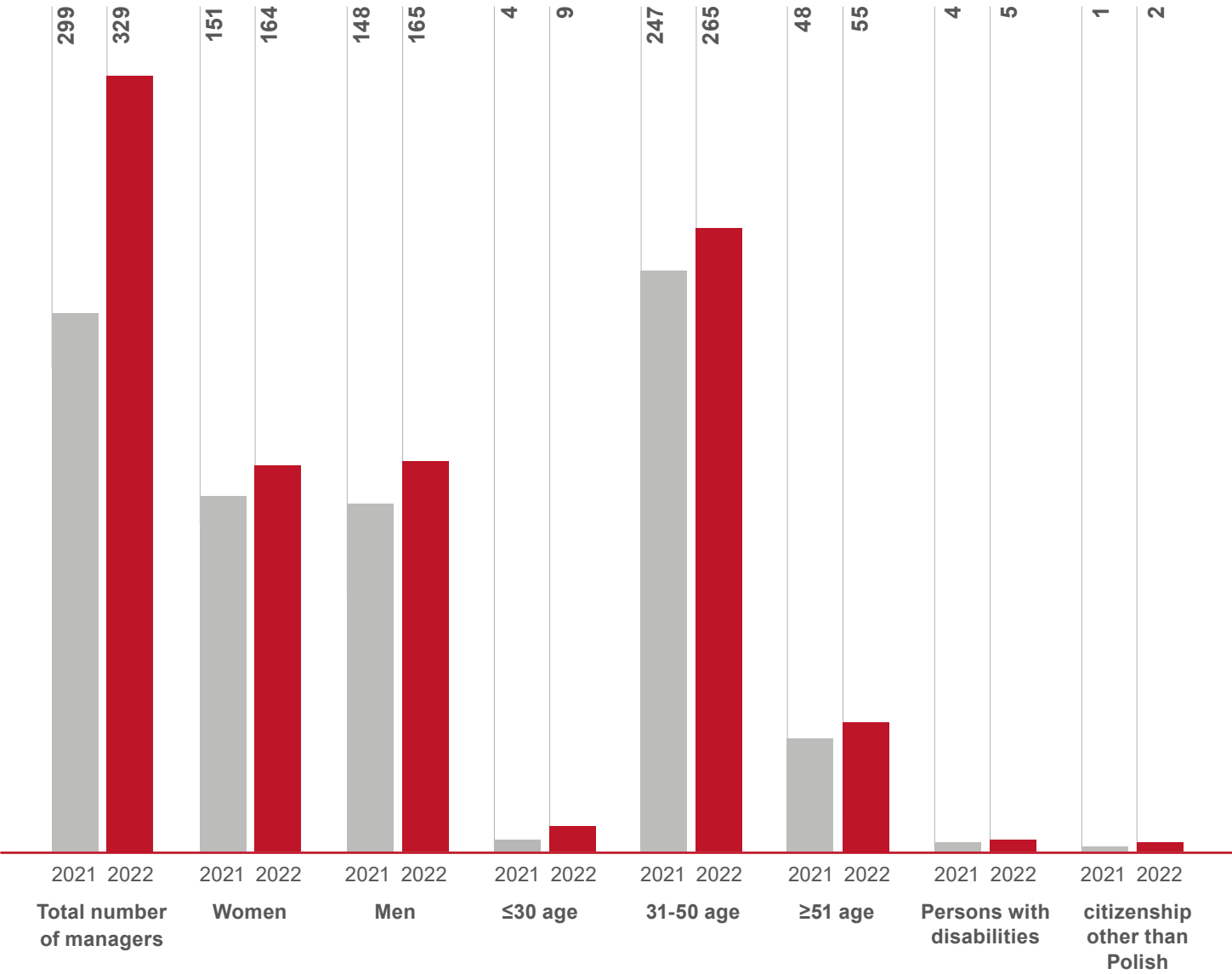
Gender structure - Other



Diversity by gender, age and other characteristics among employees



Diversity of managers by gender, age and other characteristics



[GRI 2-7, 401-1]

Number of employees on employment contracts in the ERGO Hestia Group by gender*

* The data show the number of employees as at 31 December 2022 broken by gender and type of contract. The data are taken from the TETA internal system for the ERGO Hestia Group. The other data about the Management Board and the ERGO Hestia Group's subsidiaries were taken directly from those entities.

Number of employees by gender	2021	2022
Total number of employees		
Women	1,825	1,881
Men	1,035	1,079
Total	2,860	2,960
Number of permanent employees		
Women	1,589	1,613
Men	861	908
Total	2,450	2,521
Number of temporary employees		
Women	236	268
Men	174	171
Total	410	439
Number of new hires		
Women	245	299
Men	179	192
Total	424	491
Number of non-guaranteed hours employees		
Women	185	239
Men	110	152
Total	295	391
Number of non-guaranteed hours employees		
Women	Not applicable	Not applicable
Men	Not applicable	Not applicable
Total	Not applicable	Not applicable

** The data show the number of associates as at 31 December 2022 broken by the most common types of contracts. For mandate contracts and work product contracts, which are not the most common in the organisation, there is no monitoring of the type of work performed. In 2022, the ERGO Hestia Group did not record any significant fluctuations in the number of associates compared to the previous year.

Number of employees by gender	2021	2022
Number of full-time employees		
Women	1,780	1,841
Men	1,027	1,073
Total	2,807	2,914
Number of part-time employees		
Women	45	40
Men	8	6
Total	53	46

Year on year, we record an increase in headcount by over 3% – there are no significant fluctuations inn the number of employees.

[GRI 2-8]

Number of associates in the ERGO Hestia Group by form of contract.**

Type of contract	Number of associates	Type of work
Engagement under internship contract	34	student internship
Engagement under mandate contract	13	information not available
Engagement under work product contract	4	information not available
another contract type	2	information not available
Total	53	

Remuneration policy

[GRI 2-19]

Management Board Members

The remuneration policy for Management Board members is determined in accordance with applicable provisions of law and corporate governance which is in force in the ERGO Hestia Group. The aim of the policy is to support the performance of the Group's business strategy and its shareholders. The Management Board's remuneration structure follows from an in-depth analysis and correlation of the scope of responsibility of each member, their experience, skills and competences. What is also taken into account when setting remuneration is the financial standing of the organisation which pays the remuneration from its assets.

The ERGO Hestia Group believes it is important that the total remuneration of the Management Board members, which is divided into fixed and variable (long-term) part, should be appropriately balanced. The variable part is a smaller component of remuneration and is made up of elements chosen to reward appropriately and to encourage the achievement of specific objectives, including financial and operational objectives. This is carried out while simultaneously ensuring compliance with any and all legal requirements and prevailing regulations, taking into consideration reasonable and effective risk management.

The amount of variable remuneration is impacted mainly by the assessment of the work of the Management Board members, taking into account the following factors, among others:

- achievement of the Group's key performance indicators
- effectiveness of performed activities, including the adequacy of accepted risk
- the Group's capital position

Achieving the objectives of the Sustainable Development Strategy is important for the company, but is not rewarded in the form of bonuses and compensation for the members of the Management Board and the Supervisory Board.

Supervisory Board

Independent Supervisory Board members receive fixed quarterly remuneration paid from funds of the ERGO Hestia Group. The amount is in line with market practice for remuneration in the financial institutions sector, including other Polish insurance companies and groups. Their remuneration has no variable part and does not depend on the organisation's performance. The other members of the Supervisory Board have waived their right to receive any remuneration and are performing their duties without being remunerated by the Group.

[GRI 2-20]

Remuneration policy is an important element in the design of our organisational structures. Remuneration in the ERGO Hestia Group is derived from legal regulations and is based on:

- the scope of responsibilities and duties assigned to a given position,
- personal experience, knowledge, hard and soft competences and authorizations and certificates held by the employee.

We also take into account the availability of specialists in a given area of the labour market. All the detailed regulations on the method of setting remunerations are found in the Employee Compensation Regulations and specific resolutions on bonuses.

When setting remuneration, we also consider opinions from our employees. Those are collected by the HR Selection and Development Office as part of the engagement survey and during annual supervisor-employee talks and supervisors' talks with employees to explain bonus decisions.

At the level of managing bodies, opinions are collected and given at the meetings of the Management Board Committee operating within the structures of the Supervisory Board and providing opinion on the principles of remuneration for the Management Board. The whole process of setting remuneration at the company is supervised by the Management Board members. Resolutions adopted by the Management Board and the Supervisory Board regarding remuneration principles include a note on the voting results. Because of the practice of discussing solutions before voting,

[GRI 2-21]

At the ERGO Hestia Group, we base our decisions on data taken into account in the detailed pay gap indicator, which takes into account the level of position and specialisation and reflects the actual level of pay equality regardless of the gender distribution at each individual position level. We are guided by the “equal pay for equal work” rule.

such resolutions have been adopted unanimously before. In the event of engagement survey, no specific solutions are voted on but knowledge is acquired to be used for possible later decisions about remuneration principles.

[GRI 2-21]

The ratio of the total remuneration of the highest-paid individual in the organisation to the median of the total annual remunerations of all the employees (excluding the highest-paid individual) and the ratio of the percentage increase in the annual total compensation of the organisation's highest-paid individual to the median percentage increase in the annual total compensation for all employees (excluding the highest-paid individual) are confidential data which is not shared outside of the organisation.

[GRI 2-30]

There are no trade unions or collective bargaining agreements in the ERGO Hestia Group.

We create friendly workplaces for people with disabilities

[GRI 3-3 Supporting persons with disabilities in the workplace, adjusted solutions in the workplace, Ja też (Me too), Sprawny Staż (Able Internship) programmes]

[Own indicator – a description of practices of supporting persons with disabilities]

[Own indicator – percentage of employees with disabilities]

Activities for persons with disabilities, including creating jobs for them, are an important area of development to us, constituting an element of the Sustainable Development Strategy (ESG). Our openness to cooperation follows from the values we profess and respecting human rights regulations.

People with disabilities make valuable employees and constitute resources that are not fully exploited on the Polish labour market. We make every effort to build our organisation in such a way as to create space and development opportunities also for them.

We employ people with disabilities on various positions – highly specialised employees make up 71% of the total number of Hestia employees with disabilities (102 persons – data as at 31 December 2022).

We take actions for our employees with disabilities in cooperation with the Integralia Foundation, which supports us in the process of recruitment and appropriate adaptation of the workstations. We take into consideration not only the physical properties of a given workstation but also the organisational culture and the right communication, therefore the support offered by us is a long-term and multi-dimensional activity.

The effectiveness of all the activities is monitored on an ongoing basis. The key effectiveness indicator is the number of employees with disabilities in the ERGO Hestia Group and its subsidiaries. The number is monitored in a monthly report prepared by the HR Controlling Area in the HR Selection and Development Office.

The second criterion is the percentage of employees trained in communication and cooperation with people with disabilities.

3.4%

(102 persons)

the ratio of employment of people with disabilities in the ERGO Hestia Group and other subsidiaries (6% is planned by 2025)

662

employees took part in training in communication and cooperation with people with disabilities.

At the ERGO Hestia Group and its subsidiaries, the following solutions have been implemented bearing people with disabilities in mind:



The “buddy” function for a newly hired person with disabilities the buddy is always in touch with an appointed person from the Integralia Foundation, who provides support to prevent difficult situations, helps respond to them and proposes solutions when there are problems in working with other people.



Training how to cooperate and communicate with people with disabilities – conducted on an ongoing basis, at several levels of detail:

- employee onboarding, during which every new employee is trained on the rules of communication and cooperation with people with disabilities,
- workshop on communication and cooperation with people with disabilities, delivered twice a year as part of the #Share the Knowledge training programme,
- workshop on communication and cooperation with people with disabilities arranged at the request of the director/manager of a given office.



Programme of benefits with an annual information campaign on the rights of people with a disability certificate:

- financial support in the amount of PLN 2,000 for treatment, purchasing medicines or medical equipment,
- additional 2 days of leave for people with a mild disability,
- two additional consultations with a general practitioner and psychologist at the Healthy Employee Centre,
- support provided by the Integralia Foundation for employees in all topics connected with disabilities.



Architectural adaptation of buildings in the buildings of the ERGO Hestia Group, we continue to improve and introduce further solutions to ensure better accessibility for people with different needs (e.g. disabled parking places, a ramp, sufficiently wide doors that open automatically, lifts with inscriptions in Braille).



Commitment to digital accessibility in communication:

- adaptation of internal communication to the needs of the visually-impaired and the blind (appropriate mailing format, including its text version in a PDF file),
- ensuring, as far as possible, digital accessibility to solutions implemented both inside (e.g. EH Portal) and outside the organisation (e.g. www.ergohestia.pl).

We develop diversity

Diversity has been one of our core values since the company was founded. As we promote it in the organisational culture and translate it into everyday activities, we are guided by the principles and processes described in detail in the Diversity Policy implemented in 2018.

More on our approach to diversity on the website <https://kariera.ergohestia.pl/dlaczego-warto-pracowac-w-ergo-hestii/roznorodnosc/>

10 commitments of our Diversity Policy

- 1.** Build respect for diversity, by introducing procedures and solutions supporting equal opportunities and diversity, and ensuring that all stakeholders have the opportunity to report undesirable behaviour.
- 2.** Promote thinking free of prejudice and any form of discrimination among employees.
- 3.** Encourage employees to react strongly to any manifestation of mobbing, discrimination or intolerance to someone else.
- 4.** Take action for professional activation of people with disabilities, age management, commitment to gender equality and regular education and promotion of the right attitudes to take everyday.
- 5.** Support a culture of dialogue which is open, devoid of any sign of condemnation and fear among employees, managerial staff and the Management Board.
- 6.** Develop, disseminate and support various passions of our employees as well as work-life balance.
- 7.** Ensure recruitment free of prejudice, based exclusively on predispositions, competences and educational profile.
- 8.** Equal treatment with regard to training, benefits, remuneration, promotion and dismissals.
- 9.** Ensure personal engagement of managers, which means communicating widely about acceptable and unacceptable behaviour, encouraging honest and open discussion in supervised teams, and intervening promptly when there are signs or cases of discrimination or mobbing.
- 10.** Report annually on the results of diversity activities.

[Own indicator – a description of activities taken within the Diversity Charter initiative]

We believe that diversity is one of the highest values of modern society, and we strive to promote it not only internally, but also by building a culture of dialogue with our employees, social and business partners, and all stakeholders.

Since 2016, we have been a signatory of the Diversity Charter in Poland. It is an international initiative supported by the European Commission. Signatories of the Diversity Charter undertake to manage diversity based on the highest standards.

More on the Diversity Charter programme <https://odpowiedzialnybiznes.pl/karta-roznorodnosci/>

In 2022, as a partner, we supported the celebration of the 10th anniversary of the Diversity Charter in Poland, which included ceremonial gala, giving the Diversity Charter Awards and a debate of experts “Diversity management: where we are, where we are going to?”.

The ERGO Hestia Group was among the 11 employers that scored over 80% of all available points in the Diversity IN Check survey which was about diversity management and commitment to social inclusiveness.

Detailed information on the Diversity IN Check survey <https://odpowiedzialnybiznes.pl/diversity-in-check/>

Chapter 7

Impact on customers



Commitment to high quality of customer service

GRI 3-3 Customer service quality and trust-building activities, including transparent communication, reliable information on offered products

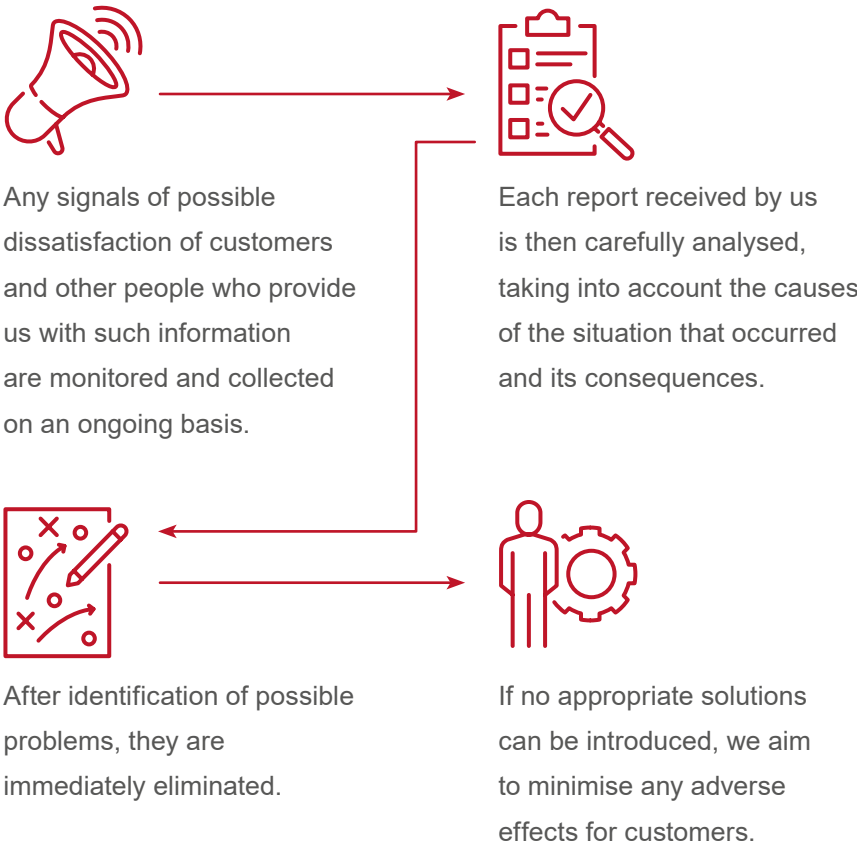
At the ERGO Hestia Group, we place the customer in the centre of our activities. Regardless of the products or policy type selected by customers – all the matters are equally important to us. We are guided by individual approach, reliability and openness. In accordance with the assumptions of the Sustainable Development Strategy (ESG), in relations with customers, we put great emphasis on responsible sales and the Highest Standard of Protection.

90%

customers contact us using electronic communication (service forms, chatbot, dedicated applications).

In the structures of the ERGO Hestia Group, units are selected to handle the process of contacting the customer, including complaints. We review each report received by us, even when it does not concern issues connected with concluded agreements but our broadly conceived insurance activity.

To improve our service level, in 2022, we held 78 workshop meetings as part of the cycle performed in the Property Loss Adjustment Area. We discussed various examples of telephone contact with a customer. We thought how to talk more effectively so as to succeed in leading an injured party through the claims handling procedure. Different dimensions of conversations were analysed, from provided information, through form, to the attitude to the interlocutor.



[Own indicator – customer loyalty (NPS)]

NPS, a customer satisfaction measurement indicator allows companies to define the level of loyalty to the company and services or products offered by it. It is measured by asking a customer if they would recommend the brand to a friend or colleague. Results are presented on a scale from -100 to +100.



NPS of 38.5 points (an increase by over 12 points compared to 2021)



Our activities, both for customers and for injured parties are appreciated. For the 8th time in a row, we were awarded the distinction “Financial Institution Friendly to Mediation” (under the patronage of the Polish Financial Supervision Authority (KNF)) for openness and readiness to resolve disputes with customers.



We propose solutions which allow for working out an agreement satisfactory for both sides – we promote amicable ways to resolve disputes, including settlement and mediation talks in the Mediation Centre of the Court of Arbitration at the Polish Financial Supervision Authority.

Communication with clients

[GRI, 2-6, 417-1]

In communication with clients, we count on full transparency starting already from the first conversations. We make efforts to ensure that as early as before concluding an insurance agreement, the customer should get to know detailed information about the given product.

All our insurance products are significant and that is why 100% of the products offered by us are subject to regulatory procedures in terms of compliance with the law. Then, we define insurance requirements for each customer seeking insurance cover so that our offer meets their needs. This complies with Article 8, sections 1-3 of the Insurance Distribution Act of 15 December 2017. In connection with this, it is required to obtain information from a given customer to be able to suggest to them an adjusted insurance agreement.

Before its conclusion, the customer confirms that:

- they have familiarised themselves with the controller’s information clause, forming an attachment to the policy,
- they have familiarised themselves with the content of the power-of-attorney to conclude an insurance agreement on behalf of the Company,
- before concluding the agreement, they have received the General Terms & Conditions of Insurance with attachments, on the basis of which the agreement is concluded and they have familiarised themselves with them and accepted their content,

- data in the electronic application are true and have been provided to the best of their knowledge.

Concluding an insurance agreement in the direct sales system remotely also requires:

- surveying and finding out the customer’s insurance needs and requirements,
- providing the customer with statutorily required information about the distributor,
- providing them in a comprehensible form, as a standardised document, statutorily required objective information about the proposed insurance product.

In the process of concluding the agreement, the customer should be shown the agent’s power-of-attorney, they should receive Key Information for Customers, General Terms & Conditions of Insurance, Information on the Distributor and also a confirmation statement about conducting a Customer Needs Analysis.

After concluding the agreement, the customer is handed over an insurance policy and, depending on the product, a certificate.

Since 2022, we have cooperated with Pracownia Prostej Polszczyzny (Plain Polish Laboratory) to simplify provisions in the documentation of our products so that they are readable and comprehensible for customers. The Plain Polish Laboratory advocates the so called standard plain language. It recommends using such a language to authors and institutions addressed

to mass audience. The model includes quantitative and qualitative tools which make it possible to assess precisely how communicative is a text. Last year, we launched a product with Allegro, which received a certificate confirming that it follows the rules of the Laboratory. At present, we are working on modifying the General Terms and Conditions of Insurance of our two flagship insurance products so as to maintain the standards recommended by the certifying institution.

Complaint process

[GRI 2-25]

The main channel via which customers may file complaints are forms on the website www.ergohestia.pl in the tab “Obsługa polisy i szkody” (Policy service and loss adjustment) in the section “Chcę zgłosić reklamację” (I want to lodge a complaint).

Each signal which may suggest that our organisation’s activities affect our customers adversely is thoroughly analysed to find its causes and consequences in the Quality Management Office. Based on reported cases, the Office draws up monthly summaries in the form of email reports distributed to the Management Board and the units to which they refer.

As part of the day-to-day processing of cases received by the Quality Management Office, a member of the Complaints Handling Division is responsible for proposing remedial action. Identified irregularities are eliminated. At the same time, other

reservations made by customers are an impulse to modify the processes, which will contribute to reduce the adverse effects.

For non-standard cases, a customer has the opportunity to have the case reviewed by the Customer Ombudsperson at ERGO Hestia, who may make an individual decision. In addition, a Quality Improvement Division was established within the Quality Management Office to make individual decisions and recommend changes based on interdisciplinary measures, including quality monitoring in service processes and the implementation of Non-compliant Service.

The other processes aimed to prevent dissatisfaction of customer and agent, as in the case of complaints, include:

- Quality monitoring – verification of indicators and quality control mechanisms in the process, including quality supporting initiatives and additional measures. Findings of the analysis are summed up in the form of an email report, which also includes quality recommendations (agreed previously with the process performer). The aim of the recommendations is to initiate further quality measures in the process, improve current results or control mechanisms.
- Non-compliant Service Project – recording and drawing conclusions from internal irregularities in a process. A selected group of operational employees of a process reports for a certain time internal irregularities, or all the observed cases of providing services which do not comply with our internal quality standards. Reported errors are analysed, and then measures are proposed to minimise the occurrence of such errors.

0.27%

complaint rate at the ERGO Hestia Group (a decrease from **0.32%** in 2021).*

48%

cases were resolved within 5 days in 2022

* We define the complaint rate as the number of complaints lodged to the number of policies written.

As part of complaints handling, the following repair measures are taken:

- based on a specific complaint or intervention,
- based on the number of reports and causes reported in complaints,
- based on findings of customer surveys,

The manner of complaint handling is subject to ongoing internal control. This covers all the employees of the Complaints Handling Division in terms of service quality. The Customer Ombudsperson draws up reports on a monthly basis for the Management Board members and all the members of managerial staff.

Customer Ombudsperson

A dialogue with customers is our priority. We are aware how important it is, in difficult cases, to have support from a person knowing the organisation and authorised to make independent decisions. This is the reason why the position of Customer Ombudsperson was established within our structures.

By recommending changes to service process, the Customer Ombudsperson contributes to improving customer service quality. The Ombudsperson may be contacted via a form on our [official website](#). The Customer Ombudsperson offers customers comprehensive support and individual solutions in unusual situations.

As a result of such an approach, the number of reported irregularities is decreasing every year.

893

reports to the Customer
Ombudsperson in 2022
(a decrease by **415** cases yoy)

”

We have been the first company in the Polish insurance market to have Customer Ombudsperson in its structures. Representing our customers, I offer them individual support, especially in difficult situations that require flexible solutions. Building relationships, I make efforts to challenge the stereotype of insurer perceived as an “institution” insensitive to human problems. Shortening the distance in communication with the customer, I show that the insurer is also “human”. Due to the bond based on trust, openness and flexibility, customers are more willing to express their opinion on matters important not only to them – they give advice about what should be changed or introduced to make it possible to offer even higher standards.

Justyna Kalkowska

Customer Ombudsperson at the ERGO Hestia Group

I sign

One of our priorities is to develop products tailored to customers’ needs, at the same time ensuring communication adapted to various social groups, including people with disabilities. In online sales channels, we have introduced service in sign language, provided by a sign language interpreter on our website. Due to this, people with impaired hearing may receive support – from the process of purchasing an insurance policy to reporting a claim or introduce amendments to the policy. The service is available from Monday to Friday.

268

calls due to the Migam (I sign)
service

>20 hours

the total duration of all the calls

Modern technologies in customer service

We constantly invest in technologies which make it possible to improve the quality of our customer service and loss adjustment process. One of the significant directions of development for us is the implementation of solutions in the area of Internet of Things (IoT), which already now make it possible to monitor points of sales or a given company with regard to pre-defined parameters.

We offer our customers sensors which control key parameters in real time, e.g. for fire prevention or those installed in refrigerated display cabinets. By applying predictive algorithms, the system sends information to the company about a potential threat and makes appropriate response possible in advance, and thus to prevent a loss or minimise its consequences.

AutoWycena 2.0.

We are committed to ensure that the loss adjustment process should be more efficient and more adjusted to our customers' needs. In 2022, as the first insurance company in the market, we launched a tool based on artificial intelligence (AI) for specifying the extent of motor damage by the customer on their own. The app analyses damage to a vehicle on the basis of photographic record, verifies motor damage and proposes a cost estimate of the repair in several dozen seconds.

The new module in the app is a modern solution for the customers who appreciate speed, simplicity and use of available technologies. The app is easy to use and intuitive and does not require installation of additional software. For many years, ERGO Hestia has cared for synergy of the cutting-edge technologies with the highest customer service standard. We focus on offering our injured parties fast and satisfactory claims handling without unnecessary formalities.

Marcin Seklecki

Motor Loss Adjustment Director
at the Operations and Loss Adjustment Office

Voicebot and chatbot

Another solution which we have introduced in 2022 was Voicebot, an automatic consultant developed to handle claims after a hailstorm. This allowed us to contact a customer within 24 hours no matter how many claims were received and, consequently, to recognise needs for loss adjustment.

The automatic consultant service makes contact possible within 15 minutes after a claim is reported by a customer. Next, repair is offered within the ERGO Hestia Pomoc 24 network – a service specialised in paintless dent removal (PDR). All repairs within the service are done in a location convenient for the customer anywhere in Poland.

Digital tools used by our customers:



digital claims handling



opportunity to adjust small losses yourself



video inspections



AutoWycena 2.0. app



mobile loss adjustment



fully automatic sending of forms within Direct Loss Adjustment

If a customer decides on a repair, the loss is qualified for a simplified procedure. An automatic consultant asks for information on the number of dents in a vehicle and other damage that may be relevant to determine the claim amount. After obtaining information, the customer is informed that the case manager will calculate the compensation amount based on the received information and will send the decision to the given email address. The cost estimate value is calculated automatically and the customer receives feedback in a text message and email about the claim amount and possibilities for complaining.

At the same time, we develop already implemented tools so that they respond as far as possible to our customers' needs. In the chatbot launched in 2021, we introduced a new functionality – an opportunity to terminate the insurance agreement when the insurance term ends or because of double insurance.

Bicycle Forever

[GRI 2-6]

In 2022, we continued the Bicycle Forever Programme, initiated in cooperation with KROSS S.A. A customer or an injured party may participate in the programme if their car is being repaired for more than a week. If the person during the repair chooses a bicycle instead of a replacement car, they will be allowed to keep the bicycle

forever. The programme has been performed since 2019 and is entirely consistent with our strategic approach to sustainable development and promotion of ecological actions among customers through solutions tailored to their needs.

1,805

persons qualified
for participating
in the programme
in 2022

648

bicycles handed
over in 2022

2,100

bicycles handed over
since the project started

We engage in responsible selling

[GRI 3-3 Responsible selling (e.g., prevention of misselling)]

Conducting business activity, we care for the highest quality of products and selling standards, both for individual and corporate clients.

We cooperate closely with agents and brokers, supporting them in developing competences, due to which they do their work in compliance with prevailing provisions of law and observing ethical principles and rules of professional advice.

We improve the selling process in various dimensions, from customer service standards to environmental aspects. Due to remote sales, we reduce paper consumption. Customers do not need to print policies or the General Terms and Conditions of Insurance as they have access to all the documents from an individual electronic account.

Furthermore, we always improve our Standard Points so that they are more accessible to people with disabilities.

[GRI 206-1]

In 2022, no measures were taken against the ERGO Hestia Group with regard to anti-competitive behaviours or anti-trust practices.

Declaration of Responsible Selling



Deklaracja Odpowiedzialnej Sprzedaży

Since 2021, we have been a signatory of the Declaration of Responsible Selling, a project initiated by financial institutions and sponsored by the Consumer Federation. The project aims to raise and disseminate ethical standards in relationships with customers as well as to educate the market environment, including consumers. Also, the project contributes to increasing confidence in the financial industry and preventing unfair practices.

Signatories of the declaration undertake to comply with the highest standards in 9 key areas relating, among others, to product offering, reporting complaints, consumer security, socially vulnerable groups and education of consumers and other market participants.

For more information, visit:

<https://odpowiedzialnasprzedaz.pl>

Non-compliant Service Project

In 2022, we carried out a pilot of the Non-compliant Service project, with the participation of the Operations and Loss Adjustment Office and the Debt Collection Office.

The project made it possible to identify where in the customer service process situations occurred which affected the service provision in a way non-compliant with internally adopted quality standards.

Conclusions:

34% of all cases of non-compliance resulted from an Agent's error, including:

- **70%** of cases are errors in a customer's contact data entered while concluding an insurance agreement,
- **30%** of cases resulted from the failure to provide/register documents received by the agent from the customer.

Owing to the performance of the pilot and suggestions of the participants, the Instruction for reporting a Non-compliant Service was updated.

[GRI 417-2] [GRI 417-3]

In 2022, no report appeared about breaches regarding product and service information and labelling and marketing communication.

Our products

[Own indicator – a description of measures for promoting the idea of sustainability and ESG]

Our offer makes available insurance products found in most insurance groups in the Polish market. We count not only on the development of already accessible products but we also open up to new areas where we can see benefits both for the customer and development opportunities for us. Individual and corporate customers will be able to rely on our engagement in cooperation: from the implementation of modern tools for contacting them to such services as the offer of leasing a specialised vehicle for entrepreneurs.

For individual clients

For individual customers, we offer the most popular types of insurance associated with many areas of everyday life. One of the categories are products regarding vehicles, as used by drivers, owners and passengers. The second category are health and life insurance products, including group products for individual clients and ADD. We also care for real estate, such as a house (also being built), flat or summer cottage. These products are easily combined with TPL insurance – for lessee and in private life. In addition, our offer includes travel insurance for tourists or insurance connected with doing sports or doing a job.

* ADD – accident insurance.

We are close to our customers, especially in difficult situations. The beginning of 2022 was a time of intensification of strong winds in Poland. Storm Eunice, which blew over Poland in the middle of February, caused a huge wave of damage. One of the places which was severely affected was a small town in Wielkoposka Poland, Dobrzyca. Among the injured persons was a group of our customers living close to one another on neighbouring streets. The first person to help in this case was our mobile expert, who spent a few days on site, surveying the enormous scale of damage. He visited all of our customers, listened to their stories and collected photographic record, at same time comparing the extent of damage. This is why it was possible to implement claims handling procedure efficiently. Each of the injured persons received compensation in a few days and for higher losses, an advance payment and information about hiring an expert to assess the full value of the claim. The total amount of claims paid to our customers from Dobrzyca was more than PLN 1.2 million.

For corporate clients

Each company faces challenges which depend on the scope of activity. We propose some products, such as property, motor or TPL insurance, both to people conducting individual business activity and small, medium-sized and large enterprises. Some customers may be interested in ADD, Apteka Smart (Smart Pharmacy, for pharmacy owners) or Cyber insurance (against risk to cyber-security) Special categories of our products include insurance for farmers, including those using modern technological solutions, e.g. photovoltaics. Companies, regardless of the profile or size, may also take advantage of our engineering services, such as cyber-security training, knowledge and skill development for drivers of company vehicles or extension of the basic scope of insurance with prevention clauses.

None of the products of the ERGO Hestia Group has been withdrawn from the market and none has been a topic of public debate or a cause of public concern. Because of corporate secrecy, we cannot disclose net sales value of each category of services or products.

AGRO - agricultural insurance

In 2022, we extended our product offering with insurance addressed to customers are farmers or manage farming businesses. Insurance of agricultural crops is a very broad area, important to customers, at the same time developing our competences. In selected cases, in the process of accepting a given agricultural crop for insurance, Mobile Experts are engaged. On site, they perform verification and determine whether a given crop is managed in a manner which qualifies it for insurance coverage.

[GRI 3-3 Implementation of products satisfying ESG criteria]

Creating a portfolio of our products in accordance with the procedure defining rules and duties with regard to designing, developing and launching insurance products and their possible modifications or corrections, we perform, each time within a product model, an analysis of impact, favourable and adverse, which takes into consideration ESG factors.

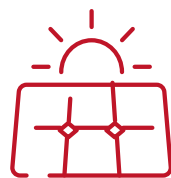
Products offered by us aim to ensure financial protection and security in the case of damage, destruction or loss of property, including environmentally-friendly materials.

Another area in which we implement activities in the ESG area in our product offering, is the implementation of the Green Recovery Clause, which allows for rebuilding a property using ecological technologies.

With regard to adjusting our offer to ESG factors:



activities performed by us are consistent with the so called Taxonomy Regulation and the rule adopted there about causing no significant harm,



we implement product solutions promoting a sustainable approach with customers, by offering, e.g. insurance of photovoltaic systems or electric vehicles,



we engage in educational and promotional activities aiming to build common ESG awareness among agents, brokers and customers.

Security of personal data of customers

[GRI 3-3 Security of personal data of customers]

For years, we have been relying on technological development and innovations, due to which we make available some cutting-edge tools in the Polish insurance market. Putting these assumptions into practice is accompanied with care for building maturity of information security and compliance with legal and regulatory requirements.

We implement a number of coordinated activities whose aim is to determine the measures indispensable to ensure data integrity, accessibility and confidentiality as well as to reduce the information security risk level. The activities taken comply with the provisions of generally applicable laws and supervisory regulations issued by, among others, the Polish Financial Supervision Authority.

For the area connected with information technology, the following factors are of key importance:

- guidelines on managing information technology and the security of the information and communication environment in insurance and reinsurance undertakings of 16 December 2014 – the so called IT Guidelines,
- communication of the Office of the Polish Financial Supervision Authority (PFSA) on processing information by supervised entities within public or hybrid cloud computing of 23 January 2020 – the so called Cloud Communication.

We monitor both existing and potential threats, using reliable information sources for this purpose – internal (security architecture) and external (e.g. cooperation with CSIRT).

In our organisational structures, special units were established and functions assigned, with the tasks of implementing appropriately and overseeing the Information Security Management System (ISMS). It is the Management Board that is responsible for setting directions and priorities of activities to ensure security, with the support from the Chief Information Security Officer (CISO) and the Information Security Division at the Risk Office.

[GRI 418-1]

In 2022, the ERGO Hestia Group did not identify any justified complaints. As of 2021, legal proceedings are under way to appeal the decision of the Personal Data Protection Authority. The penalty imposed by the President of the Personal Data Protection Authority was overturned by the Court of First Instance, and an appeal proceeding at the initiative of the President of the Personal Data Protection Authority is currently under way. The case is pending and neither party has obtained a final judgment. In accordance with the ISMS in effect at the Company pursuant to an internal instruction, information on ongoing litigation and legal services is subject to a confidentiality clause, and for this reason cannot be disclosed.

Activity of the Personal Injury Rehabilitation and Support Centre

[GRI 3-3 Activity for injured persons, including actions of the Personal Injury Rehabilitation and Support Centre]

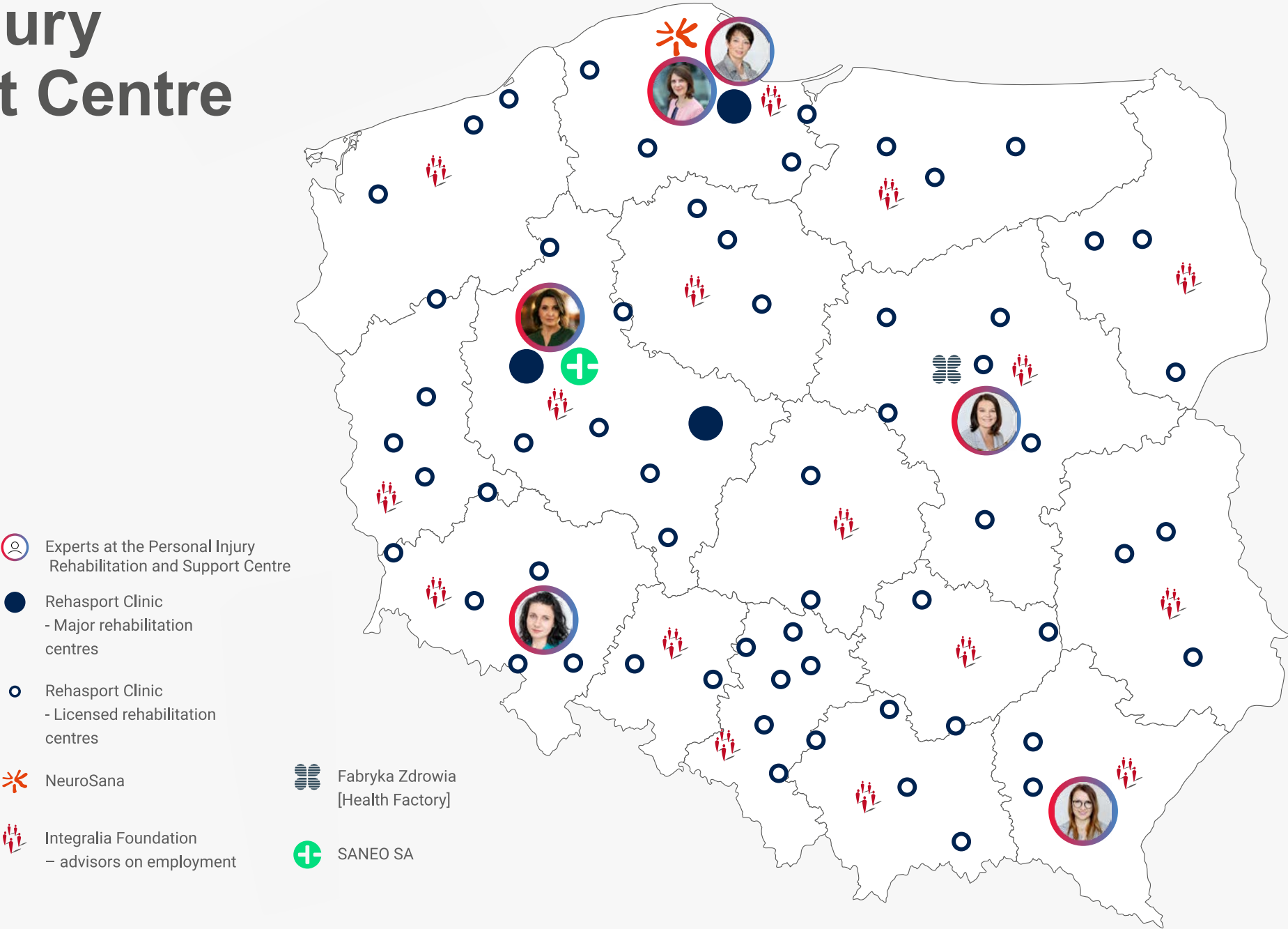
[Own indicator – the number of people assisted by the Centre in 2022]

[Own indicator – a description of activities taken to support injured persons]

[Own indicator – a description of projects performed by the Centre in 2022]

The mission of the Personal Injury Rehabilitation and Support Centre (CPOP) is to provide comprehensive medical rehabilitation and social and vocational support to persons severely injured in accidents. CPOP closely cooperates with the ERGO Hestia Group to help those who have suffered the most serious injuries in motor and workplace accidents. Each such a person is subject to a diagnostic process, supported by CPOP experts, and consequently with an Individual Rehabilitation and Support Plan, which includes rehabilitation and treatment in leading medical centres as well as vocational and social activation. The activities of the Personal Injury Rehabilitation and Support Centre are carried out in the most effective and optimal way in terms of cost, time and in accordance with the needs and capabilities of the injured party and the insurer, using the latest rehabilitation methods.

We have a nationwide network of experienced Experts and Partners at our disposal to care for the Injured.



[Own indicator – the number of people assisted by the Centre in 2022]

600 hours

of rehabilitation (on average)
per injured person

67

new Individual Rehabilitation and Support
Plans (standard procedure) implemented
for victims (severe injuries)

136

injured persons provided
with support from CPOP*

21%

the amount by which
the expenditures for health/
rehabilitation of injured persons
rose compared to 2021

18

new Individual Rehabilitation Plans
(accelerated procedure) implemented
for victims (less severe injuries)

9

insurance companies
cooperating with the CPOP

* The number of persons who participated in CPOP programmes financed by Insurance Companies.

The activity of the Personal Injury Rehabilitation and Support Centre has a great impact at the individual level, taken to help an injured person, as well as at the social level. Due to cooperation with CPOP, insurers carry out an active model of personal loss adjustment, which brings about real savings to victims, insurers and the society. Each person who have undergone the rehabilitation process requires later lower financial expenditures from the state and may return to the activity on the labour market.

The Personal Injury Rehabilitation and Support Centre attempts to increase the quality of provided services and offered support all the time, therefore the ICF methodology (International Classification of Functioning, Disability and Health) developed by the World Health Organisation, was implemented to the process of assessment of progress in rehabilitation. The methodology makes it possible to assess the patient's health condition and functioning effectively during the entire process of carrying out the Individual Rehabilitation and Support Plan as well as to verify its effects during the programme and after its completion.

In 2022, the partner network was expanded to include new medical centres providing comprehensive services for injured persons. A new expert was employed at the Personal Injury Rehabilitation and Support Centre, which made it possible to ensure greater availability of services and to make the offer more flexible for

the insurers providing support to injured people all over Poland. Furthermore, the development of the service path for foreign commissions translated into a greater number and diversification of conducted cases.

The Centre also undertakes activities aimed at making society more sensitive to the needs of injured people. The Centre participates actively in meetings with agents within the Closer to Hestia project and delivers presentations for guests of the ERGO Hestia Group, to promote the idea of supporting victims and shaping sensitivity to people with disabilities.

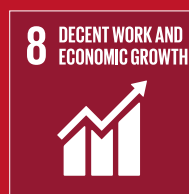
As part of communication activities, in cooperation with the ERGO Hestia Group, the Personal Injury Rehabilitation and Support Centre produced a film entitled ["Nie mam w głowie słowa «nie umiem»"](#) (I cannot understand the concept of 'not being able') about the story of injured Patryk, which was nominated to the contest of Socially Responsible Films organised by the CSR Res Severa Foundation.

At CPOP, there are 4 coordinators and 5 experts (rehab managers) engaged in the process of diagnosis, preparation and management of Individual Rehabilitation and Support Plans for injured persons. The average cost of an Individual Rehabilitation and Support Plan (ISP) is PLN 90,000, the average duration of the programme – 12 months. In 2022, 67 new ISPs were signed and 23 Individual Rehabilitation Plans (IRPs), and every month, about 90 commissions are managed.

For 13 years, due to the activity of the CPOP, support was provided to over 1,600 people and a total of over 600 ISPs were completed.

Chapter 8

Impact on society



One of the six pillars of our sustainability strategy is creating a positive social impact. We focus on several key areas to ensure that our activities bring the greatest benefit to the beneficiaries and groups we support. We do this by engaging the corporate foundations operating in the ERGO Hestia Group and in collaboration with external partners.

Through the activities of the Integralia Foundation, we help people with disabilities to enter the labour market on an equal footing.

We support culture because we believe that art and exposure to art can create extraordinary creativity, mindfulness and social value. We conduct activities in this area through the Hestia Artistic Journey Foundation.

We act as a good neighbour in the local community and are involved in local initiatives. We operate Hestia Park, which is open to all residents and tourists. We are a sponsor of the ERGO Arena and the Sopot Sailing Club because sport unites people and releases positive energy.

We also encourage our employees to become involved in volunteering, which is coordinated by the Hestia Volunteer Centre.

In 2022, we were involved in helping refugees from Ukraine who sought shelter and help in Poland following the outbreak of war caused by Russia's aggression.

Activity of the Integralia Foundation

[GRI 3-3 Activity of the Integralia Foundation and implementation of tasks for the benefit of people with disabilities]

The Integralia Foundation of the ERGO Hestia Group, which works for the professional integration of people with disabilities, was established in 2004. The main purpose of its projects is to ensure full integration of people with different needs in the professional environment.

[Own indicator – Description of activities carried out in 2022]

The key initiatives and programmes of the Integralia Foundation focus on:



recruitment of candidates with disabilities,



recommending candidates with the right skills,



recruitment and secondment of employees who require a special process of introduction in the ERGO Hestia Group,



recommending employees for outright employment if they do not require Integralia's employment monitoring and support,



conducting training and workshops on the topic of working with people with disabilities for employees of the ERGO Hestia Group and other institutions.

In its activities, Integralia goes beyond working with the ERGO Hestia Group - it shares best practices in the field of employment of people with disabilities with other interested contractors and organisations that want to develop in this area.

Integralia has extensive experience and knowledge of the needs of this group of workers, which allows it to provide advice concerning their employment, orientation and proper preparation of workstations, including actions required to ensure architectural, digital and information adaptation on the part of the employer. The Integralia Foundation also shares knowledge and practical guidance that enable companies to adapt products and services to the needs of customers with disabilities.

The work of Integralia Foundation is what sets us apart in the financial market. We are the only company in the industry to achieve such high employment rate of people with disabilities.

3.4%

percentage of people with disabilities employed in the ERGO Hestia Group, i.e. 102 employees in 2022

[Own indicator – number of Integralia Foundation stakeholders in 2022]

1,016

Integralia Foundation stakeholders in 2022

Effective Internship Programme

The project was created for university students and graduates who face the greatest challenges in their careers because of their disability and the stereotypes associated with disability. Other companies that expressed their willingness to start working with the interns were invited to participate.

The partner companies were selected through open recruitment, which resulted in four companies joining the programme: Bayer, ERGO Hestia Group, IKEA and Siemens Healthineers. Participation was conditional on offering internships with a minimum gross salary of PLN 3,500. The companies could also offer a reimbursement of moving costs. Such an offer was made by the ERGO Hestia Group, which offered two internships to programme participants.

In 2022, 13 participants completed the internship, 85% of them with severe or moderate disabilities. The students completed their internships in 4 partner companies that have adopted a sustainability strategy in their operations.

During the implementation of the internship project, the Integralia Foundation spent about 100 hours on the work of its recruiters, established cooperation with 15 universities (in close collaboration with the career offices of these institutions) and delivered training to 212 employees of partner companies on the principles of communication and cooperation with people with disabilities.

38%

project participants continued their collaboration (5 out of 13 interns)

100%

companies prolonged their participation in the project

I Can Do More Programme

One of Integralia’s projects is the “I Can Do More” programme, co-financed by the European Union through the European Social Fund. Its goal is to help people with disabilities find work and improve the professional situation of those already in employment through career guidance and the organisation of additional courses and training. By the end of 2022, 66 beneficiaries living in the Pomorskie Voivodeship were recruited for the project.

In 2022, the Integralia Foundation provided the participants of the programme with:

231

hours of meetings with a vocational counsellor

163

hours of meetings with a work agency

More than

400

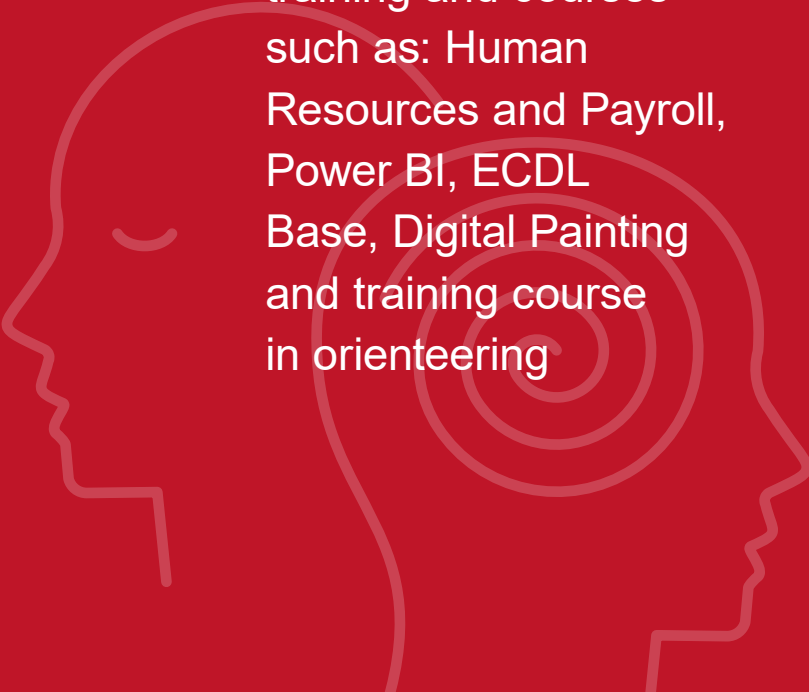
hours of professional training and courses such as: Human Resources and Payroll, Power BI, ECDL Base, Digital Painting and training course in orienteering

112

hours of talks with a psychologist

32

hours with a coach



Activities to promote the arts

We have been involved in promoting the arts and supporting artists for more than 20 years. We do this through the Hestia Artistic Journey Foundation, which allows us to develop art patronage activities and work directly with artists. We believe that art not only can have a positive effect on the material space in various dimensions, but also influence people, stimulating, developing and inspiring us.

Exuberance. Atlas of Infinite Possibilities

The year 2022 was particularly important for our activities for the arts: the Hestia Artistic Journey, one of the most important competitions in Poland for young artists, celebrated its 20th anniversary. On this occasion, an exhibition entitled “Bujność. Atlas nieskończonych możliwości” [Exuberance. Atlas of Infinite Possibilities] was held at the National Art Gallery in Sopot, presenting works from the collection of the Hestia Artistic Journey Foundation, together with new works by the prize-winning artists. They reflect the journeys and encounters that have formed an atlas of possibilities over the years. The two decades of the competition presented a cross-section of many voices, perspectives and artistic practices, and the history of young Polish art over the last two decades.



Over the 20 years of the competition, more than **3,000 artists** have taken part, including hundreds of shortlisted finalists and dozens of winners who have been sent on month-long residencies in New York, Valencia or Vilnius. Details and photos of the works can be seen at: <https://artystycznapodrozhestii.pl/exhibition/bujnosc-atlas-nieskonczonych-mozliwosci-komentarz-artystycznej-podrozy-hestii/>

Baltic Horizons

Baltic Horizons is an international sculpture competition that brings together artists and residents of the Baltic Sea region. Art helps to create awareness, sensitivity, and sometimes also shocks. The topic for discussion is the Baltic Sea, its condition, its future, but also the symbiosis between man and the world of marine flora and fauna. In terms of sustainability, the project uses undeveloped space in the city to place an object and a narrative that will have both a utilitarian and educational function and can also integrate the local community. The competition rewards sculptural objects that complement the existing architecture of Sopot. The international

formula of the competition is based on cooperation with partner cultural institutions from the Baltic Sea region, including Poland, Lithuania, Latvia and Finland. A key dimension of this initiative is to raise awareness of climate change in the region and to encourage the creation of spaces for regional partnerships.

The winning project will be executed in the fourth quarter of 2023.

Artistic Journey

WATER by Artistic Journey

Our patronage of the arts encompasses various forms of artistic expression, which is why we organised, for the fourth time, the Artistic Journey photo competition for creators active on Instagram, both amateurs and professionals. The theme for 2022 is WATER, highlighting the importance

of this issue in terms of environmental protection and pro-ecological activities. The ERGO Hestia Group awarded the final prize to three participants who made original references to the theme.



More than 2,000 photos submitted for the 2022 competition



Grand prize – an artistic journey to the South of France



Honourable mentions – smartphones with high quality cameras

Hestia Literary Journey

Launched in 2021, the Hestia Literary Journey is a competition for authors of children's and young people's literature. It is organised by the Hestia Artistic Journey Foundation in partnership with the Wisława Szymborska Foundation under the patronage of the ERGO Hestia Group.

Hestia Literary Journey in 2022

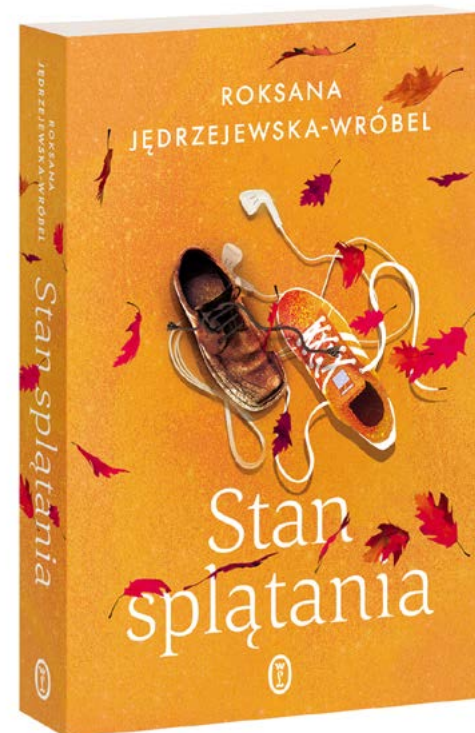
85
literary works
submitted

5
nominations

Children's literature is particularly important to us at a time when reading levels are falling and the desire to pick up a book is losing out to unlimited access to audiovisual material. By supporting writers who create interesting stories and heroes for our times, we hope to instil in young people the spirit of storytelling, stimulate their imagination and build positive values in them. The competition rewards works created mainly for female readers between the ages of 10 and 15, in a variety of forms: from novels to graphic novels to short stories. The jury of the competition, made up of experts in children's literature and representatives of the Hestia Artistic Journey Foundation, selects titles that not only appeal to young readers, but also deal with issues of social importance.

For more information, visit: [Literacka Podróż Hestii](#).

In 2022, the winner was Roksana Jędrzejewska-Wróbel for her novel “State of Entanglement”.



Father Józef Tischner Znak and Hestia Award

The Father Józef Tischner Award established by the Znak magazine and publishing house and the ERGO Hestia Group, has been awarded for more than 20 years to outstanding intellectuals, publicists and social activists. The laureates are exceptional people who, through their passionate attitudes and actions that make the world a better place, embody the values close to the patron of the award.

The winner of the 21st edition in the journalism category was Zbigniew Nosowski, journalist, Catholic activist and editor-in-chief of Więż magazine. *“In his texts, the bitter truth about the crisis of Polish Catholicism and abuses in the Church meet with the confidence that naming evil can serve liberation: liberation towards a Christianity that seeks support not in power but in love - of this world and not of this world.”* wrote the jury in explaining its choice.

In the social activity category, the winners were the Granica Group and the Warsaw Club of Catholic Intelligentsia (KIK). *“The Granica Group and the cooperating volunteers of the Warsaw KIK chapter reminded us that true solidarity does not divide neighbours into “us” and “them”, emphasised the jury members.*

For more information, visit: <https://nagrodatischnera.pl>.

22
years of the competition

66
award
winners

Supporting the local community

In our activities we seek to support local initiatives addressed to different target groups. We believe they allows us to promote not only valuable initiatives, but also local communities.

2

medals won by sailing club athletes

78

ERGO Hestia employees took part in the 150th edition of Harpuś

20,000^{m²}

area of Hestia Park in Sopot (equivalent to 3 football pitches)

Sports sponsorships

Sport is an important area of activity that we have been supporting for many years. We are involved in several areas to ensure that both amateurs and professionals can benefit from our support. Sailing is a very important part of the life of the Tri-City community. The Club's infrastructure can be used by athletes as well as children and young people from schools in Sopot.

Hestia Sopot Sailing Clubt

The Sopot Sailing Club is one of the largest and most modern board sailing centres in Europe. Among the athletes who train at the club are Olympic athletes, World and European champions in various age categories and classes. We have had a successful sponsorship relationship with the club for 20 years and are proud of the numerous successes of its athletes both in Poland and internationally.

For more information, visit [the website](#).

Cooperation with Fundacja Inicjowania Rozwoju UP Foundation

[GRI 2-6]

Fundacja Inicjowania Rozwoju UP Foundation is one of our key social partners. In 2022, we were one of the partners supporting the 11th Development Initiation Forum focusing on employee volunteering. We were also a partner of the 8th edition of the Development Initiation Fund, which supports cross-sector initiatives from the Pomorskie Voivodeship. The winning projects received grants and support from the cross-sector innovation accelerator.

For more information, visit [the website](#).

8.3.2 We are a good neighbour

ERGO ARENA

Since 2010, we have been the title sponsor of the ERGO ARENA sports and entertainment hall, located between Gdańsk and Sopot. This project is carried out in close cooperation with city authorities and is an example of activities that affect the development of the entire region. In addition to numerous concerts and sporting events, the venue also hosts themed events open to the general public, including social events. The hall, together with the surrounding area, can accommodate wheelchair users with disabilities.

For more information, visit [the website](#).

123

events
organised

>31,000

spectators

Almost

2,000

participants
in volunteering activities
in the ERGO ARENA

>18,000

beneficiaries of health-related
volunteering activities

Harpuś

Last year we became a partner of the Harpuś orienteering race. The public nature of the event brings generations together and allows participants to get to know the forests and parks of the Tri-City and to complete sports orienteering tasks regardless of their physical condition. In 2022, the anniversary edition of the race was held with 358 participants, of which as many as 20% were ERGO Hestia representatives (78 people overall).

Hestia Park

The operation of Hestia Park is an important project that we pursue as a company actively involved in Sopot. The park has an area of 20,000 m² and the cost of its maintenance is covered by the ERGO Hestia Group.

We are excited to see how the park area serves the local population, providing space for community integration and recreation, also by accommodating the needs of people with disabilities. The park is also a place where we promote the arts (through its own sculpture gallery) and host pro-social events.

Last year, on Earth Day, we organised an ESG Picnic in the park, where students from local schools were able to participate in themed activities and visit 7 educational stands, including those of the Integralia Foundation, the Sopot Voluntary Water Rescue Service (WOPR) and the Hestia Literary Journey.

ESG Picnic in numbers:

5

schools,

12

classes,

more than

300

participants (including
citizens of Ukraine).

Hestia Volunteer Centre

The Hestia Volunteer Centre coordinates employee volunteering activities. The Centre helps Hestians to carry out the projects in which they invest their time and skills, providing support where it is most needed.

886

times ERGO Hestia employees got involved in volunteering activities

11,075

hours of volunteering

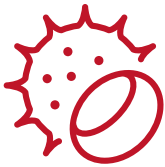
Hestians can carry out projects for selected NGOs – foundations and associations. The Centre provides them with substantive and financial support for the implementation of their projects. The Hestia Volunteer Centre coordinates mutual assistance for employees and business partners in difficult life situations.

The main activities coordinated by the Hestia Volunteer Centre in 2022 focused on support for Ukrainian society:

Regular campaigns carried out by the Hestia Volunteer Centre:



blood drives (**34.2 litres of blood** donated by Hestians),



collection of chestnuts (the amount raised was **PLN 18,995.90**),



tree planting (**62 people** took part),



Gwiazdor project (**600 employees** participated in making packages).

Promoting the idea of social involvement and volunteering among our employees is very important to us. We also get involved as a partner in events that support initiatives and promote best practices in this area.

In 2022, we became a partner of the Employee Volunteering Forum. This is an annual cross-sector conference of the Development Initiative Forum, the largest in the Pomerania region, organised by Fundacja Inicjowania Rozwoju UP Foundation, during which we presented our activities as the Hestia Volunteer Centre.

* The indicator is the total share of volunteers participating in individual actions in relation to the number of ERGO Hestia Group employees in 2022.

Supporting Ukrainian citizens in the face of war

The events in Ukraine that began in February were and still are a heartbreaking experience; we organised our aid on many levels in order to support Ukrainian citizens who came to Poland as quickly, effectively and comprehensively as possible.

We provided our support at three levels:



we organised activities within the Group,



we supported those Hestians who were involved in support activities,



we adapted our insurance product offer to meet the needs of refugees.

Mother's Dream Programme

During this difficult time, we launched a programme to support the adaptation process of children aged 5-14 and their mothers who had fled the war, helping them to cope with the immense burden of experiences and emotions.

We carried out the programme in 7 cities in Poland with the highest numbers of Ukrainian citizens - Warsaw, Rzeszów, Wieruszów (Łódź), Gdańsk/Sopot, Częstochowa, Gliwice and Kalisz.

The Mother's Dream workshop was based on art therapy, i.e. psychotherapy using artistic disciplines, with the goal of engaging children in games in which they could gain self-confidence through contact with art. The activities were carried out by experienced Polish and Ukrainian educators and art therapists with the participation of artists from Poland and Ukraine. Under the guidance of experienced educators and activists, the workshop participants were able to develop their talents and awaken their

creative thinking. The children learned through contact with art by becoming acquainted with the works of great artists, or became artists themselves by painting, drawing or sculpting their own works of art. They learned to find their way in a new and difficult reality and to build self-confidence through emotional and creative development.

During their stay at the community centre, the children were under constant supervision of Ukrainian-speaking activists and they received refreshments so that their mothers could attend to other duties.

The programme was developed through the collaboration of the Hestia Artistic Journey Foundation with artists and therapists. It was carried out in collaboration with the Integralia Foundation and local partners, including ERGO ARENA in the Tri-City, the Art Pavilion in Warsaw and the University of Information Technology and Management in Rzeszów.

>400

children participated
in the programme

7

cities
in Poland

650

hours of art
therapy

more than
PLN

320,000

allocated
to the project

Hestians Help

Hestians initially focused on satisfying the basic needs of the refugees, by becoming involved in fundraising and donations, helping at the border, preparing meals and opening their homes.

“We wanted to effectively and efficiently connect those who needed help with those who offered it. Within a day, the Hestians Help platform launched

Beata Olszewska

coordinates volunteer activities on behalf of the ERGO Hestia Group

Support for Ukrainian refugees was provided by volunteers from Hestia on several levels at the same time. A specially created “assistance basket” consisted of:

- the financial package,
- the organisational package,
- days off for volunteering.

The financial package allowed volunteers to apply for an allowance to cover the costs of the assistance they provided.

The organisational package for Ukrainian citizens remaining under the care of an employee-volunteer included:

- priority use of the community centre of the Hestia Artistic Journey Foundation,
- opportunity to take lessons of Polish and English,
- support in developing CVs and preparing for job interviews,
- purchase of tickets (e.g. to the zoo, cinema, theatre).

The third element of the support basket was a package of free days for volunteering: each employee-volunteer could request a day off from work and an extra outing during working hours if it was related to his or her activity in caring for people from Ukraine or had to do with the assistance to Ukraine implemented within the Hestia Volunteer Centre.

Hestians were also able to get involved in the “Family Friend” initiative by choosing a family that the employee wanted to help.

“We tried to ensure that the Hestians were fully supported and they had the strength and organisational resources to begin and continue to support Ukrainian citizens. All the volunteers who needed to could ask for a leave during working hours or get a day off.

Małgorzata Sztabińska

Director of BDiRK at the ERGO Hestia Group

We took care of 250 refugees living near our Head Office in Sopot.

The scale of our volunteers’ involvement was immense. They not only helped the Ukrainian nationals, but also supported each other by sharing their experiences and other important information on the internal communication portal.

Special liability insurance offer

Another important and practical form of assistance was the financing of short-term liability insurance for all refugees arriving in Poland from Ukraine. Those who received assistance in the form of our products were able to use them free of charge, and the insurance itself was valid for 30 days from the date of issue.

approx.

5,000

policies issued

25

claims under policies issued

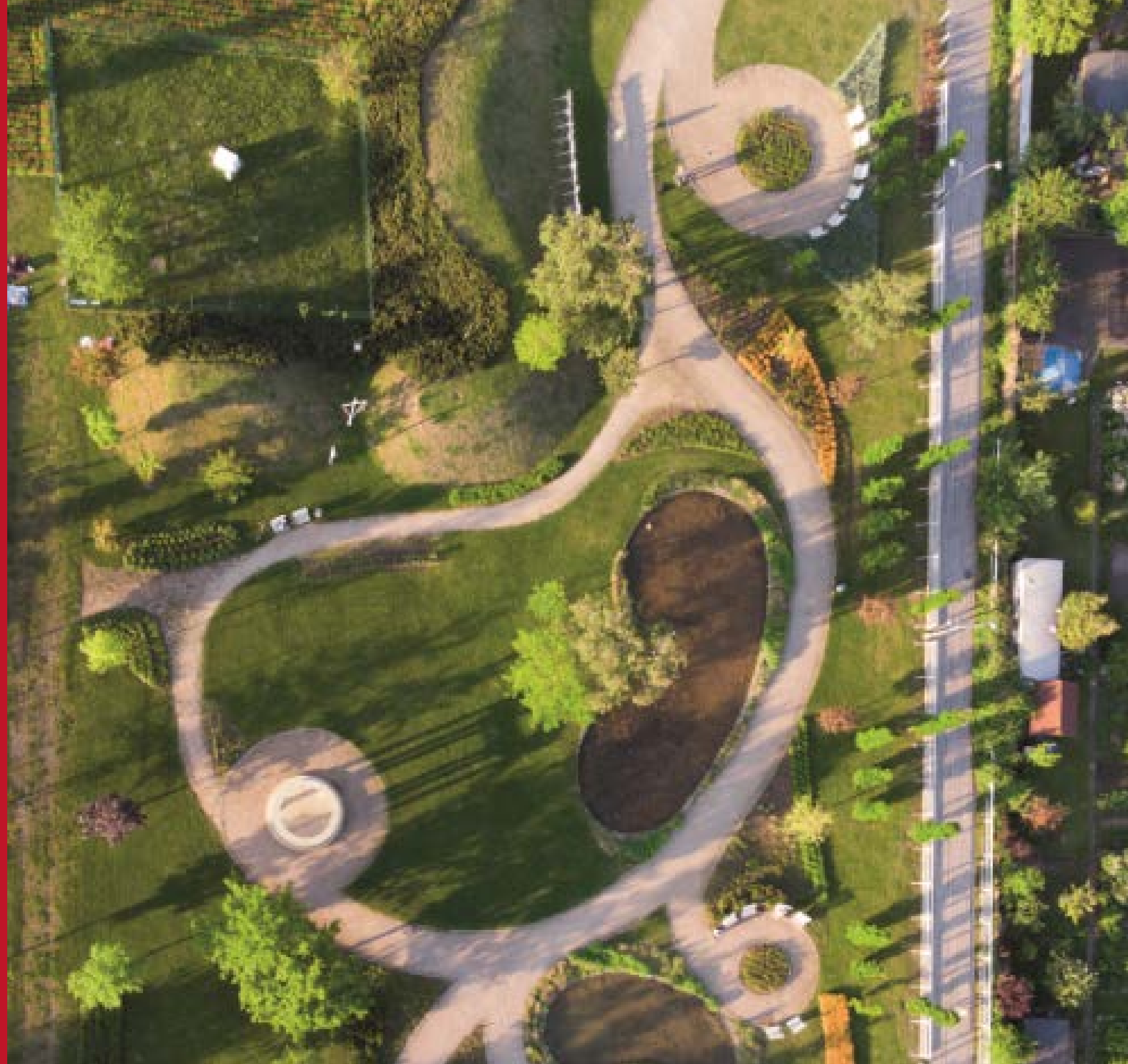
approx. **PLN**

138,000

of claims paid out

Chapter 9

Environmental impact



We are striving to achieve net zero

[GRI 3-3 Striving to achieve net zero, including commitment to fight climate change and move towards a low-carbon economy.]

The first pillar of our Sustainability Strategy (ESG) is T - Transition. We understand it as an effort to mitigate the effects of climate change and support the transition towards a zero-carbon economy.

On the road to sustainability, especially in the environmental aspect, we rely on international standards. In 2019, the Management Board decided to adapt the existing management system to the requirements of ISO 14001:2015 and the EU's EMAS environmental certification scheme. The effectiveness of our activities has been confirmed by the ISO 14001 certificate of compliance and registration in the EMAS Register in January 2021. You can read more about it on our website: <https://www.ergohestia.pl/zrownowazony-rozwoj/dla-srodowiska>.

2022 was a year when we introduced important tools and initiatives to support climate protection and transition towards climate neutrality.

We base our strive towards a zero-carbon economy on 3 pillars:



own businessportfel



own business



investments

Projects carried out as part of our own business

Own business is an area where we can implement pro-environmental solutions first. We place particularly great emphasis on reducing carbon emissions and limiting environmental impact. We are implementing a number of projects and initiatives in this area.

iHestia - app for customers and injured parties

In our activities we rely on modern technologies. iHestia - New World of Insurance is a virtual platform for a three-way dialogue between the agent, the customer and the insurer. The system structure built in this way makes it possible to realize a mobile sales system. Approximately 80% of service and sales processes have been put in the hands of the customer and the intermediary. With iHestia, our customers can handle their insurance online 24/7 from any mobile device. We rely on new technologies because of the functional solutions, which at the same time reduce our environmental impact by reducing the amount of paper required for printing.

Earth Day 2022

In honour of the Earth Day, we engaged our sales network to participate in a campaign to promote the distribution of policies remotely to reduce paper consumption. For each policy issued that way, we ordered the planting of one tree. 2,099 intermediaries took part in the campaign and in total we planted more than one thousand pine trees.

Online Help App

Another tool we are developing is the Online Help App, which is designed to make it easier for our customers and injured parties to report and handle claims. The use of the solutions available in the app, such as the video-inspection functionality, has translated into speeding up the claims handling process and reducing the economic and environmental costs in terms of a mobile claim handler's travel to the site. In 2022, we conducted 5,850 video-inspections (434 more than the year before).

100% Green Energy

We know how important it is to use Renewable Energy Sources (RES), so the electricity supplied to all buildings in the Head Office (Sopot and Gdańsk) and some representative offices in Poland comes from 100% RES, as evidenced by relevant certificates. They are issued by the Polish Power Exchange (Towarowa Giełda Energii S.A.).

8%

more video-inspections relative to 2021,

16.2 tons

less CO₂ emissions in the atmosphere compared to the traditional solution.

97%

of the electricity purchased by the ERGO Hestia Group in 2022 came from renewable sources

Reduction of high-carbon car fleet

Our business profile entails frequent business travel. With access to detailed analyses, we know that transportation accounts for a large part of the emissions we generate, so we are taking measures to reduce them. First of all, we are modifying our car fleet - we are gradually increasing the number of hybrid vehicles. As a result, we are using less and less gasoline and diesel every year (see the Resource Consumption section for details).

Employee commute to work

We are also taking steps to improve the comfort of employees during their daily commute. All Hestians who choose a bicycle as a means of transportation are offered a free lunch at the company's canteen or at selected locations for employees outside the Tri-City area. In addition, we provide guarded parking for 303 bicycles and adequate infrastructure (showers and locker rooms). Two bicycle repair stations have also been set up near the company.

42%

of hybrid cars (vs. **41%** in 2021) in our fleet

0.65%

of diesel cars (vs. **1%** in 2021) in our fleet

28,100

Hestian bike commuting trips (vs. **20,045** in 2021)

ECO HESTIA SPA competition

Last year saw the 7th edition of the ECO HESTIA SPA competition, which we organise together with the Association of Polish SPA Communities. It aims to identify the best ideas and initiatives in the field of environmental protection. The winners receive a prize of PLN 100,000, earmarked for development of further pro-environmental activities in the awarded municipality. A total of 34 Polish health resorts have participated in all editions of the competition, and the past winners include: Uniejów, Busko-Zdrój, Inowrocław, Łądek-Zdrój, Latoszyn-Zdrój and Muszyna. In 2022, the winner of the competition was Rabka-Zdrój.

10

new green areas
in the public space thanks
to competition

9

municipalities
entered
in the latest edition
of the competition

400,000

beneficiaries
of the competition -
residents, tourists and
resort visitors

Bees on the roof

Bees are extremely necessary for the ecosystem to function properly. While helping the environment, they themselves are at the same time highly sensitive to adverse environmental changes - in recent years there has been an visible decline in the bee population. To help them, a company apiary has been run on the roof of one of our office buildings for several years.

900,000

bees under our care

8

active
beehives

40

species of plants
pollinated by bees

Hestia Park

Hestia Park was established in 2016 on land leased from the City of Sopot. Under the signed agreement, we not only created a park, but also undertook to maintain it. Tens of thousands of plants, a spring feast of flowers, and thousands of square meters of Hestia Park’s lawns connect the company’s headquarters with the sports and entertainment hall with which we cooperate - ERGO ARENA. The park’s space is open to all visitors. It is designed unconventionally as it serves as an open-air sculpture gallery. It also one of the examples of the ERGO Hestia Group’s contribution to sustainable development and ecology. For more on the park itself, see Chapter [8. Impact on society](#).

20,000 m²

of space

150

deciduous and
coniferous trees

95,000

shrubs, perennials, grasses and
flowers

To Plant” campaign

In 2022, we and our employees engaged in the „To Plant” campaign to help restore areas damaged by the hurricane several years ago - by planting trees. Nearly 850 people, employees of Tri-City companies, took part in the campaign. With the support of foresters, we jointly planted 80,000 young trees, which in a few decades will be a dense, soaring forest, rich in larches, pines and birches, among others.

62

people from ERGO
Hestia took part
in the campaign*

3

editions
of the event in which
we participated

8 ha

hectares
of forested
land

*The number of participants was limited by the COVID-19 pandemic restrictions in effect at the time. As a partner, we were able to enrol about 60 people.

Our insurance and investment portfolio in the context of the environment

[GRI 2-6]

Insurance of RES installations

We know how important it is to develop renewable energy sources, therefore we develop our products to help move toward a zero-carbon economy. Consistent efforts in this direction have allowed us to take our place among the companies offering insurance for renewable energy installations in Poland.

The capacity of the photovoltaic farms we insure is approx. 520,000 kWp (kilo watt peak). That is more than 5 times as much as in 2021.

Our offer includes property insurance for photovoltaic farms and installations. It is aimed at business customers, regardless of the scale of their operations. The insurance is designed to cover property damage (both natural risks and malfunctions) and the interruptions in production of electricity caused by them. An additional element that distinguishes our offer is the coverage of losses incurred due to lower insolation of photovoltaic modules, and thus lower power production.

We have also tailored our offer to individual customers, who can cover their photovoltaic installations and solar panels as part of their home insurance.

ECO Hestia

Our portfolio offers specialized insurance to protect the natural environment. As one of three insurers in the Polish market, we have developed an offer in which we cover the costs of restoring the environment to its pre-damage state. The scope of cover of this insurance includes, among other things, the cost of removing pollutants from land or water and the cost of restoring protected natural habitats and protected animal and plant species. Included in the coverage is the insured's administrative liability resulting from causing an imminent threat of environmental damage or actual damage to the environment.

Green Reconstruction Clause

Environmental protection is an important aspect of our offering, both in terms of the subject of insurance and the handling of the damage that has occurred. In 2020, we decided to introduce a Green Reconstruction Clause to our corporate insurance offering. This is the first and only such offer available on the market. It is an add-on to corporate property insurance programs, thus protecting the building in which the business is conducted. It allows the compensation payment to be increased by the cost of applying environmental solutions in the event of total damage.

Financial guarantees, property and motor insurance

When thinking about our partners and business clients in the sustainability context, we pay attention to the needs of the respective industry. We offer financial guarantees to companies that operate in the waste management chain.

In addition, in our offer for individual customers, we provide packages that cover damage to installations of private PV and solar (thermal) collectors.

Content of the clause: *ERGO Hestia shall reimburse, against an additional premium, the additional costs of purchasing electricity resulting from the interruption of the operation of the photovoltaic installation in the event of its damage, destruction or loss due to a covered event. The maximum period for which ERGO Hestia shall reimburse the costs indicated in the preceding sentence is 90 days.*

We have also expanded the scope of the general insurance terms and conditions in motor insurance packages offered through car dealers. The offer covers losses resulting from damage or misuse of wall boxes (home charging devices) or charging cables for electric cars with batteries.

Bicycle Forever programme

In our environmental-oriented activities in cooperation with customers, we want to build on various levels of involvement, treating some of them also as a form of education and awareness-building for environmental efforts. We have launched the Bicycle Forever program for our customers, as well as the injured parties covered by our insurance. It is implemented in cooperation with KROSS S.A. Thanks to the adopted solutions, any person who is entitled to a replacement car can instead choose a bicycle, which they keep. In this way, we want to encourage the use of bicycles and show that they are an environmentally friendly alternative to cars.

648

number of bicycles
we handed over in 2022

IoT systems (Internet of Things)

In cooperation with our customers, we also take care of sustainability at the design stage of IoT solutions. The systems we have implemented allow us to monitor risks in real time. Customers gain the possibility to use standard components, such as engines, to connect with smart sensors that alert them early of potential threats. The use of the IoT technology allows us to build insurance models aimed at prevention, business continuity and minimizing CO₂ emissions into the atmosphere. Detailed information about the service is available at: <https://www.ergohestia.pl/dla-firmy/uslugi-inzynierskie/smart-control>.

Responsible Investment Guideline

We want to shape our impact not only through the products and services we offer, but also the investments we make. Building on our long-term commitment to sustainability, we have decided to introduce new guidelines in the area of responsible investment. They concern setting out the investment rules, limits and ESG factors that should be taken into account during the investment process. Responsible Investment Guidelines apply in the area of investments made by the ERGO Hestia Group at its own risk. The document also regulates investment rules in the ERGO and Munich Re Group.

Environmental management system

The ERGO Hestia Group has implemented an environmental management system in accordance with the requirements of the EMAS certificate. It is part of the overall management system of the entire organisation, and environmental criteria are an important part of the decisions made and taken into account wherever it is reasonable and feasible to do so. Responsibility for environmental issues rests with the Management Board. The proper functioning of the system is guaranteed by its review, carried out by an external and accredited environmental reviewer.

Decisions to undertake and implement pro-environmental measures are the responsibility of the Management Board, which carries them out on the basis of assigned powers-of-attorney in three areas: the insurance portfolio, investments and own business. The directions of actions set forth in the goals, strategies and policies are reviewed at meetings of the Supervisory Boards of the companies.

In the environmental area, an important document that complements and sets out the Management Board's commitments is the publicly available Environmental Policy. All employees of the ERGO Hestia Group are required to comply with and implement its provisions. In order to ensure the smooth functioning of the environmental management system, an Environmental Management Team has been established in the ERGO Hestia Group, headed by the Sustainability Director reporting directly to the Member of the Management Board Technology, Debt Collection and Group Standards.

[GRI 2-23]

Environmental Policy

It represents the Management Board's commitment in the area of responsibility for natural environmental and the immediate surroundings. It is based on 12 principles (relating to actions taken both inside and outside the organisation) to help minimize the negative impact of our business activities on the environment.

As part of the Environmental Policy, we are committed to:

- 1.** Comply with laws and international rules aimed at protecting the environment.
- 2.** Continuously monitor and report the level of environmental impact of our operations.
- 3.** Reduce the consumption of raw materials and natural resources by rationalizing and keeping water, energy, fuel and paper consumption as low as possible.
- 4.** Manage waste responsibly by minimizing the amount of waste generated, separate collection, maximizing recycling, and transferring waste for disposal.
- 5.** Educate, encourage, and engage employees, customers, suppliers, and business partners to take environmentally friendly actions and to manage in an environmentally friendly manner.

- 6.** Promote the idea of environmental protection among customers by implementing innovative solutions in the environmental area, using environmentally friendly insurance offerings and marketing activities.
- 7.** Actively promote sustainable transportation, including bicycle commuting, car sharing and public transportation, train commuting, and video conferencing in daily business activities.
- 8.** Continually expand our fleet of green cars and conduct regular training for employees and partners on the principles of green and safe driving.
- 9.** Caring for natural biodiversity, both within and around the company.
- 10.** Maintain an open dialogue with our stakeholders, oriented towards searching for pro-environmental and innovative business solutions.
- 11.** Responsibly and ethically communicate our environmental impact through communication channels commonly used in our business operations.
- 12.** Conduct a practice of purchasing materials and equipment and cooperation with their suppliers in which one of the important parameters of selection will be the lowest possible impact of the use of these materials and equipment on the environment.

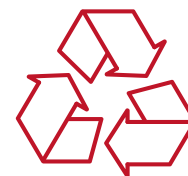
The contents of the Environmental Policy are available on the website: <https://www.ergohestia.pl/zrownowazony-rozwoj/dla-srodowiska>.

Product life cycle

The obligation to take into account the life cycle perspective addressed by the EMAS Regulation is related to the organisation's strategy, which should include issues beyond the traditional environmental protection. In the case of products that have an intangible form, such as insurance, taking a life cycle perspective into account is more difficult than in the case of physical products. Nevertheless, we have made every effort to reflect this perspective in both direct and indirect environmental aspects. Examples of direct aspect measures include, for example, using only paper made from supervised raw materials, as well as using electricity from renewable sources.

With regard to indirect environmental aspects, ERGO Hestia encourages its agents to offset negative environmental impacts by developing solutions that enable remote policy conclusion and administration, tools that reduce the need to travel to physically inspect the damage, and educating customers to take environmentally friendly initiatives. In certain cases, customers' activities are evaluated for environmental impact by ERGO Hestia's environmental experts. Its reduction is supported, among other things, by the obligation to accept the Code of Conduct for suppliers and contractors cooperating with STU ERGO Hestia SA. The document contains requirements regarding environmental protection. Environmental damage insurance, which significantly accelerates the process of remediation, is an important reference to the life cycle perspective. Also noteworthy is the promotion of sustainable transportation and related commuting by ERGO Hestia employees.

Examples of measures we have taken:



in the direct aspect - using paper made from supervised raw materials, as well as using electricity from renewable sources;



in the indirect aspect - working closely with agents and encouraging them to offset the negative impact on the environment in their business by implementing specific solutions, such as remote policy conclusion and administration.

Our environmental statement is available on the [website](#).

Our declarations, initiatives and commitments

Climate Leadership



A program designed to build a community united by its declared goals and sharing responsibility for attaining them in pursuit of a better future. It has been created for business leaders aware of their role in achieving climate neutrality. It is supported by the United Nations Environment Programme (UNEP), in which a group of independent experts reinforces the efforts of business on the road to climate neutrality. You can read more about the program on the website: <https://www.climateleadership.pl>.

Climate Positive



We create and develop efficient tools to educate and expand awareness of climate protection within the framework of the program implemented by the UN Global Compact Network Poland, cooperating with other entities and building partnerships based on three main audiences: society, business and public administration. We educate through organised meetings, training courses, workshops, as well as published studies. We work with experts to create research publications that broaden awareness, and through case studies point the way to sustainable development, practical application of environmental standards and examples of developing innovative, environmentally friendly solutions.

Chapter Zero



Since 2021, Janusz Reiter, an independent Member of the Supervisory Board of the ERGO Hestia Group, has joined the Board of Chapter Zero Poland, the Polish branch of the international Climate Governance initiative established by the World Economic Forum. It aims to raise awareness of the consequences of climate change for business and the impact of business on the climate. Read more at: <https://chapterzero.pl/o-chapter-zero-poland/>.

Other initiatives and commitments can be found on the website: <https://www.ergohestia.pl/zrownowazony-rozwoj/inicjatywy-i-zobowiazania>.

Our strategic goals until 2025 in the area of environmental protection:



Join international initiatives and declarations striving for climate neutrality,



Reduce the total carbon footprint by 12% per employee (relative to 2019),



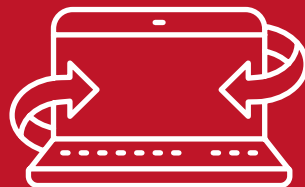
Maintain ISO 14001 and EMAS environmental certifications,



Develop product and service offerings that positively impact the environment and combat climate change, including integration of ESG indicators into the investment risk assessment process,



Implement innovative products and services to support the transition to a low-carbon economy and projects that save natural resources, prevent waste and minimise environmental impact,



Develop loss adjustment in a sustainable and environmentally friendly way,



Implement the Hestia Corporate Solution (HCS) certification program.

We identify climate-related risks and opportunities

[GRI 201-2]

The insurance industry is facing increasing challenges due to climate change, which is leading to extreme weather events that cause significant financial losses. We are concentrating our efforts to curb climate change in several areas while looking for opportunities for business development.

Key areas of our work with respect to climate change adaptation:



product offerings to support the transition to a greener economy,



the use of new technologies in the claims handling process,



development of consulting services for risk reduction - insurance prevention,



investment decisions, integrating ESG indicators into the investment risk assessment process, measures to reduce direct environmental impacts.

Climate risk management system

Climate risks are identified and covered by the Risk Management System, integrated into the organisational structures and taking into account all levels of the company's operations.

The System has processes in place to identify, assess and monitor risks that may occur at the individual and aggregate levels.

The Risk Management System has been organised based on the concept of three lines - this creates an organisational framework and gives a clear division between business decisions entailing risks and independent monitoring of these risks.



The first line performs operational functions (i.e., it includes units responsible for managing a specific area of activity), including making decisions that affect the Company's risk profile.



The second line performs support functions. The task of the second line is to look at risks from the organisation's perspective, independently monitor the risk management process, develop, implement and continuously improve practices in this area (preparing policies, methodologies, procedures, tools), develop Risk Strategy proposals, including limits and triggers, and provide analyses and reports. The second line of defence includes: Risk Management Function, Actuarial Function and Compliance Function (which are required by law).



The third line is internal audit, which is responsible for independently assessing the functioning of the Risk Management System - the actions taken by the first and second lines of defence - and identifying areas for improvement.

At the individual level, a risk management cycle is implemented to effectively and continuously identify, assess, control and monitor risks that may affect ERGO Hestia Group's objectives.

Identification

Risk identification involves detecting, recognizing and recording risks that are significant to the ERGO Hestia Group and that may have a positive (opportunity) or negative (threat) impact on the achievement of objectives, including determining the causes and areas of occurrence of these risks. Risk identification is important, as unidentified risks will not be taken into account in further stages of the risk management process, which may result in losses for the Companies.

Assessment and measurement

Assessing and measuring risk is about understanding it in detail and mainly involves considering the impact and likelihood of its materialization from two perspectives: gross (before implementing control measures) and net assessment. Criteria are adopted according to which it is determined whether a given risk is significant and whether and what kind of control it requires. Where a decision has been made to reduce it - to what extent this risk still needs to be reduced to reach an acceptable level.

Control

Risk control involves the organisation determining the appropriate response to identified risks. The goal of the risk response is to mitigate threats and take advantage of emerging opportunities. In principle, the following types of actions can be distinguished within the framework of risk control at the ERGO Hestia Group: decision not to take risk (not to engage in a specific activity), risk transfer (entering into an agreement transferring risk to another party), risk acceptance (accepting possible consequences resulting from the materialization of risk) and risk mitigation (taking actions to reduce the impact of the risk on the organisation's goals or the likelihood of its occurrence).

Monitoring and reporting

Monitoring is a structured way of compiling and analysing risk information. It serves to ensure that the information about the risk itself is up to date and the actions taken to control it are effective. These elements are essential for adapting to the changing environment and continuously improving risk management. Risk monitoring can be carried out by, among other things, comparing the current status with established assumptions or analysing efficiency.

The risk management system is closely linked to the ERGO Hestia Group's capital management process. Monitoring includes an analysis of the impact of the actions taken on own funds, risk capital and, consequently, on our solvency. In addition, we carry out periodic risk analysis and assessment as regards the environmental impact of our own business in accordance with ISO 14001 and EMAS requirements. The most important outcomes of this process are identification of environmental aspects, reduction of CO₂ emissions, revision of plans, actions and goals with regard to the insurance portfolio, investments and own business.

Identified risks in relation to climate change

Among the risks to sustainability, the Company recognizes risks related to climate change, which are long-term in nature and well beyond the Group's planning horizon. A significant challenge for organisation is the lack of standardized methods for climate risk analysis for the entire sector. Within climate risks, according to the classification adopted among others by the Task Force on Climate-related Financial Disclosures at the initiative of the Financial Stability Board, we distinguish between physical risk and transition risk associated with the transition to a low-carbon economy.

Physical risks include risks related to the occurrence of sudden events of a catastrophic nature that may cause losses on the part of the insurance company, beyond the statistical data currently collected, and whose threat of occurrence provides an incentive to move towards a sustainable economy.

The ERGO Hestia Group is directly exposed to physical risks in the context of increased loss ratios resulting from increasingly frequent and severe weather events, as well as operational losses, business interruptions and related claims. Physical risks are taken into consideration as part of actuarial as well as operational risk management (e.g. blackout).

Transition risks include risks arising from the requirements of the transition to a sustainable economy, i.e. technological and regulatory changes that may affect an insurance company's business model. These risks affect the Company in terms of product design and through emerging climate change liabilities.

Emissions and resources used

We monitor our environmental impact by reporting environmental data in key areas: greenhouse gas emissions, energy consumption (by source), water consumption, consumption of various raw materials, and waste generated, with greenhouse gas emissions reported in all 3 scopes.

Greenhouse gas emissions

[GRI 305-1] [GRI 305-2] [GRI 305-3]

Greenhouse gas emissions in Scope 1, 2 and 3*

t CO ₂ e	2019	2021	2022	Change % 2022/2019	Change % 2022/2021
Scope 1	1,972	1,628	1,825	-7.45%	12.10%
Scope 2	3,816	2,689	2,282	-40.20%	-15.14%
Scope 3	522	4,900	11,073	Due to a change in methodology, it is not possible to compare data	125.98%
TOTAL	6,310	9,217	15,180		64.70%

t CO ₂ e/ employee	2019	2021	2022	Change % 2022/2019	Change % 2022/2021
Scope 1	0.69	0.57	0.62	-10.71%	+8.77%
Scope 2	1.34	0.94	0.77	-42.30%	-18.08%
Scope 3	0.18	1.71	3.74	Due to a change in methodology, it is not possible to compare data	+118.71%
Scope 1+2	2.03	1.51	1.39	-31.53%	-7.94%

The methodology adopted and the initially defined scopes of analyses are constantly adjusted to the achievements of science and the capabilities of the enterprise (available data). The above data is derived for the Head Office (Gdańsk and Sopot) from invoices, while for the field offices, from an estimation. It is made on the basis of the number of employees at a given office or consumption per square metre.

The year 2020 was omitted from the data presentation as distorting the emissions picture because it was a pandemic year. The changes in the carbon footprint at the time resulted

from the pandemic restrictions, not from individual choices made by companies.

Therefore, the results for Scope 3 will vary over the 2019-2022 period. The first step was to expand Scope 3. In the calculation of CO₂ emissions in Scope 3 for 2019, only the following are included: waste, paper, and business travel by air and train. The calculation of CO₂ emissions in Scope 3 for 2020 and 2021 includes new items. The method used to calculate employees' remote work was also revised in 2023. The method used was to convert the average energy consumption per household by the number of working hours per month, employees working remotely and the average energy mix for Poland.

* The calculation used the GHG Protocol Standard; The Partnership for Carbon Accounting Financials (PCAF) Global GHG Accounting and Reporting Standard for the Insurance Industry was not used.

** Toner and cartridges, mobile internet, paper, coffee and tea, waybills, waste, business travel on planes and trains and hotel accommodations, transportation and distribution, employee commuting, remote work of employees, including the work of agents performed for ERGO Hestia.

Calculation methodology used

- Greenhouse gas emissions are calculated in accordance with the GHG Protocol Standard.
- The various scopes include:
 - Scope 1 - carbon footprint from fleet operations and natural gas consumption
 - Scope 2 - emissions from the consumption of electricity, heat and operation of generators
 - Scope 3 - carbon footprint was counted for selected categories, i.e. paper, water in buildings, municipal - residual waste, non-municipal - non-hazardous waste, non-municipal - large-sized waste, air travel, train travel, hotel accommodation for business travel, tea, coffee, toners, cartridges, car commuting, remote work of employees, insurance agents and brokers, waybills and mobile Internet.
- The next stage of development was to refine the methodology in accordance with the accepted Scope 2 rule. According to the GHG Protocol guidelines, entities purchasing electricity from sources identified on the basis of contractual instruments should present their emissions both on the basis of the provisions of the relevant contracts (the so-called market-based method) and on the basis of averaged indicators published for the place of consumption (the so-called location-based method).
- The market-based method takes into account the carbon footprint of individual suppliers and energy from RES.

Data for 2022 - emissions by 2 methodologies

t CO ₂ e	market-based method	location-based method
Scope 1	1,825	1,825
Scope 2	2,282	7,287
Scope 3	11,073	11,073
TOTAL	15,180	20,185

- In calculating emissions for electricity, emission indicators of the National Centre for Emissions Balancing and Management (KOBIZE) (location-based method) were used.
- The indicators for electricity come from the website of a specific vendor (market-based method).
- For heat, an indicator was adopted in accordance with a publication of the Energy Regulatory Office.
- The sources of the other indicators include: databases of the UK Government's Department for Environment, Food and Rural Affairs (DEFRA), information from producers or suppliers, or publicly available scientific sources (2022).

Resource consumption

In the environmental management system, we treat resource consumption as direct environmental aspects that we can fully control. From the perspective of our business, we are primarily aiming to reduce their consumption.

Energy consumption

[GRI 302-1]

In our day-to-day operations, we consume electricity to ensure the proper running of office processes, IT infrastructure and building operations (lighting, air conditioning, elevators). Taking these factors into account, we focused on ensuring that the Head Office relies 100% on renewable electricity.

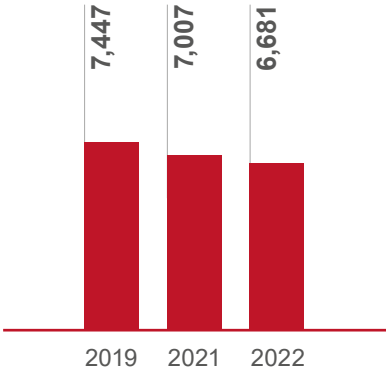
Heat consumption is due to the heating of our buildings, which are connected to the heating system of the municipal grid - the main source of supply is co-generated heat.

Petrol and diesel consumption is due to the operation of company cars. Last year, we reduced our consumption of both fuels and heat.

Energy consumption data by source*

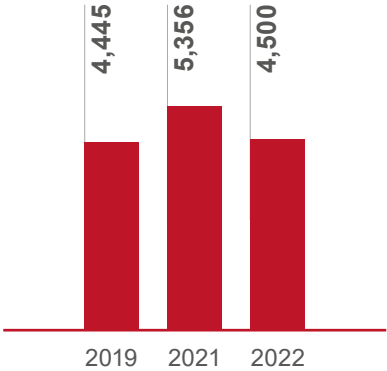
Electricity consumption

MWh



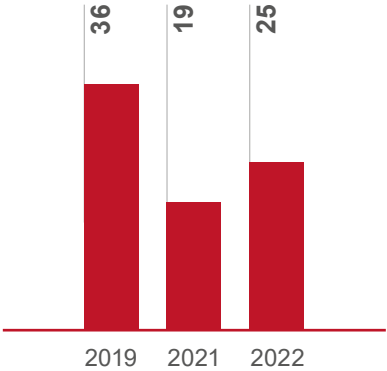
Heat consumption

MWh



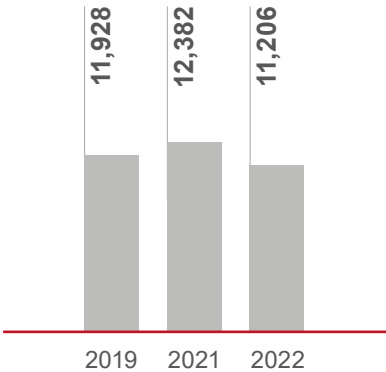
Natural gas consumption

MWh



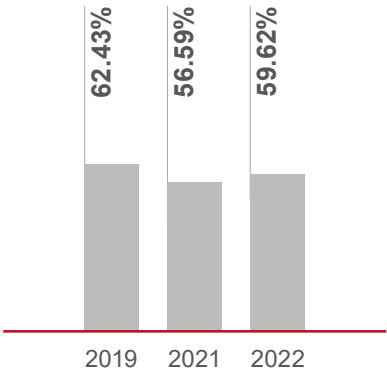
Total

MWh



Share of renewable energy in the energy consumed at the Head Office

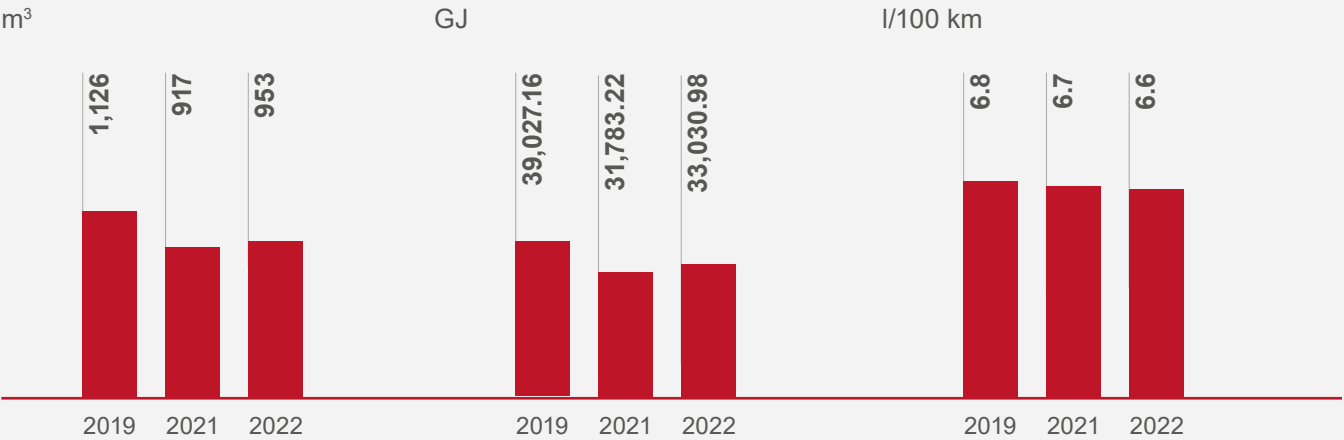
MWh



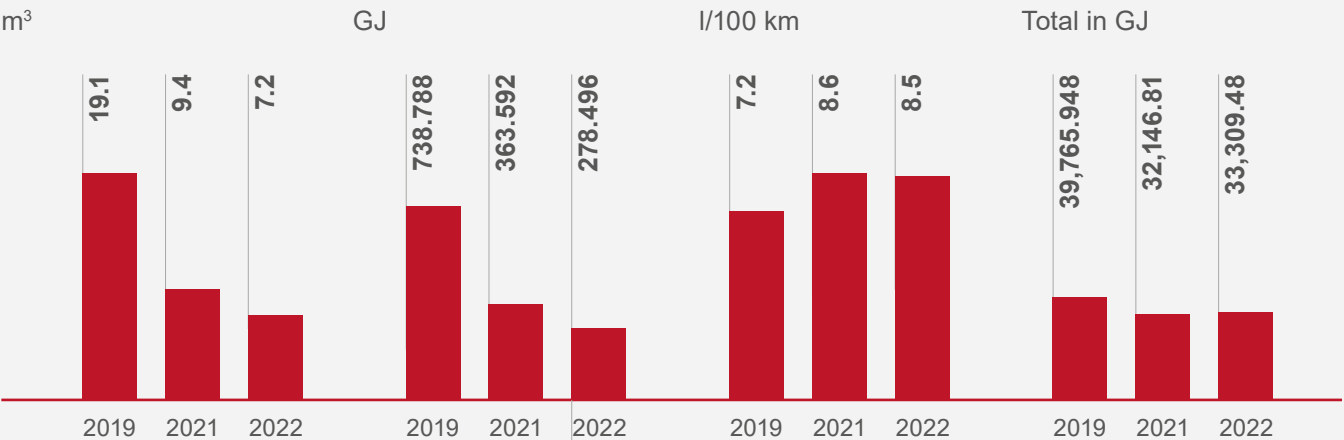
* The data pertains to consumption of electricity, heat and natural gas at the Head Office (Sopot + Gdańsk).

Data on fuel consumption by type*

Data on fuel consumption by type*



Diesel consumption



* 1 m³ petrol = 34.66 GJ / 1 m³ diesel = 38.68 GJ
<https://apps.cer-rec.gc.ca/Conversion/conversion-tables.aspx>.

Water consumption

[GRI 303-3]

2022 was a time when increasing numbers of employees were returning to offices from remote work, which had an impact on higher water consumption compared to the previous year. Modernization work in our buildings continued, e.g. installation of faucets with automatic water switch sensors to optimize water consumption.

13,315 m³ **-29%**
of water intake from the municipal network in 2022 (vs. **12,687 m³** in 2021) water consumption compared to 2019

Waste generated

[GRI 306-1]

As in the case of water consumption, the increased waste production in 2022 was due to the partial return of employees to the offices. However, there was no change in the weight of recyclable waste relative to 2021.

Type of waste generated	Volume in tons
Communal - residual waste	135.7
Non-municipal - non-hazardous waste	8.2
Non-municipal - large-sized waste	16.4

Other materials and raw materials

[GRI 301-1]

Despite the partial return to offices, we have been able to reduce the consumption of resources related to the day-to-day operation of the organisation.

221 t

of paper, including printer paper (vs. **243 t.** in 2021)

1,906

toners and cartridges (vs. **1,943** in 2021)

9,559

bills of lading (vs. **14,050** in 2021)

543,57 kg

of coffee (vs. **1,295.83 kg** in 2021)

27 384

courier mailings (vs. **30,050** mailings in 2021)

438 609 GB

of mobile Internet (vs. **348,435 GB** in 2021)

246 packets

of tea (vs. **251** packets in 2021)

TCFD disclosures

CORPORATE GOVERNANCE AND MANAGEMENT SYSTEM

Role of the Management Board	<p>Assessing and managing climate change risks and opportunities is an integral part of ERGO Hestia Group's Strategy.</p> <ul style="list-style-type: none">• The Management Board oversees analytical activities related to climate change. All related relevant and strategic matters are dealt with by the Management Board or one of its subordinate departments.• The Management Board plays a key and overarching role in the risk management system aimed at ensuring that the Company's strategic criteria are met: maintaining a strong financial condition, protecting and increasing the value of the Company, protecting reputation.• The Management Board appointed:<ul style="list-style-type: none">• Risk Management Committee – a collegiate body that oversees the organisation's risk management processes and advises the Management Board on the risk management process. The rules of operation of the Committee are set out in the Rules of Procedure• Environmental Management Team to ensure the efficient functioning of the environmental management system. The rules for the functioning of the Environmental Management Team are set out in an internal regulation.
Director of the Risk Office	<ul style="list-style-type: none">• The positioning of the risk management function within the organisational structure ensures that it has adequate operational independence (an independent organisational unit within the line supervised by the Management Board Member for Finance and Organisation).• The person overseeing the risk management function is the Director of the Risk Office. The Director's responsibilities include overseeing the performance of ERGO Hestia Group's risk management activities, including overseeing the companies' overall risk position and the early identification of significant risk factors.
Sustainability Director	<ul style="list-style-type: none">• The establishment of the Sustainability Office is aimed at creating and coordinating the Company's Sustainability (ESG, E - Environmental, S - Social, G - Governance) and CSR strategies towards external and internal stakeholders.• The work of the Sustainability Office is headed by the Sustainability Director, whose responsibilities include analysing and assessing risks to sustainability in the area of the management system within the 3 pillars of the Company's business (i.e., insurance portfolio, investment portfolio and own business).

CORPORATE GOVERNANCE AND MANAGEMENT SYSTEM

List and verification of risks and opportunities	<ul style="list-style-type: none">• The ERGO Hestia Group performs ongoing monitoring of the risks in the business environment in accordance with the PESTEL methodology, understood as a cross-section of political, economic, social, technological, environmental and legislative conditions which may affect its operations.• An up-to-date list of environmental risks and opportunities for the ERGO Hestia Group is maintained by the Director responsible for Sustainability.• Risks are assessed by the Environmental Management Team.• The list of risks and opportunities is reviewed at least once a year during the review of risk management processes.
ESG education of employees	<ul style="list-style-type: none">• ESG activities initiated earlier continued in 2022. This is a result of changes in the business regulatory environment across the European Union which primarily impacts financial institutions, including companies offering life insurance. Accordingly, ESG, climate risks and non-financial disclosures have been the subject of many conferences, debates, training sessions and publications at the ERGO Hestia Group.• The individual business units are responsible for their activities both with regard to insurance, investments and operational aspects of ESG.• We offer targeted training programmes to upskill our employees and develop their ESG competences. They are tailored to individual business operations and regions, include training on the practical implementation of our underwriting guidelines and provide information on current sustainability topics.• Training is designed for managers, underwriters, account managers, business analysts and interns in business units.

STRATEGY

Scope and purpose of the strategy

Our holistic strategic approach to environmental and climate protection covers both business-related activities (i.e., insurance, investments and own emissions from operational processes) and corporate responsibility measures. Measures are aimed at mitigating the effects of climate change and supporting transition.

Aware of our responsibility and impact as an investor, we implement responsible investment guidelines. The integration of ESG (environmental, including climate, social and governance) criteria into the investment guidelines is an integral part of the investment strategy. This means that we take ESG criteria into account when making investment decisions.

Strategic commitments and projects

ESG factors, including the approach to climate change, are an important pillar of ERGO Hestia Group's development and business strategy. The strategic commitments and projects include the following:

- monitoring Carbon Intensity in the insurance and investment portfolio for greenhouse gas emissions,
- implementing measures to achieve climate neutrality and limit the global temperature increase to below 2°C (including CO₂ emission reduction),
- developing products and services which support the environment and climate change reduction,
- implementing ESG factors in the risk and investment assessment process,
- implementing environmental initiatives, raising awareness, sharing practices.

Climate neutrality objective at Group level

- Since 2015, the Munich Re/ERGO Group, including ERGO Hestia Group, has been pursuing:
- its climate commitment and can thus achieve climate neutrality in its business operations; The Group compensates for unavoidable CO₂ emissions by purchasing certificates (carbon offset),
 - In line with the strategy, the Group will further compensate for unavoidable CO₂ emissions by purchasing certificates (carbon offset).

RISK MANAGEMENT

Scope and detailed risk management approach

- Investing in accordance with the prudent investor principle as set out in Article 276 of the Act of 11 September 2015 on insurance and reinsurance activity (Journal of Laws of 2023, item 656, as amended).
- The Company does not distinguish a separate category of risks for sustainability but views them as one aspect of the individual risks. Sustainability risks interact with the individual risks through different transmission channels and can have a significant impact on them.

The Company takes into account all relevant risks in its investment decision-making process, including, as far as possible, with particular reference to the availability of information published by financial market participants, climate risks.

Environmental risks, including climate risks, are identified on the basis of relevant direct and indirect environmental aspects; and analysis of insurance, investment, operational and own business portfolio data. As a result of the analysis, environmental objectives are set to minimise the emergence of a risk or to maximise the emergence of an opportunity and its appropriate use in environmental management. As part of the sensitivity analysis carried out, a scenario was analysed taking into account climate change which could result in a natural disaster.

- In the identification of climate risks, according to the classification adopted among others by the Task Force on Climate-Related Financial Disclosures at the initiative of the Financial Stability Board, we distinguish between physical risk and transition risk associated with the transition to a low-carbon economy.
- All relevant risks, including those related to climate change, are appropriately addressed in the risk reports provided to management.

METRICS AND TARGETS

12 ESG
factors in risk
assessment
and investment
transactions

We have identified 12 generally applicable ESG factors that are taken into account in our assessment of insurance business risks and investment transactions.

The ESG factors apply to corporate liability, reinsurance and investments in relation to:

1. Natural resources and biodiversity.
2. Pollution.
3. Greenhouse gas emissions.
4. Political environment and public perception.
5. Human rights.
6. Working conditions.
7. Cultural heritage.
8. Resettlement of people.
9. Community health and safety.
10. Responsible planning and evaluation.
11. Compliance.
12. Consultation and transparency.

Objectives

The Munich Re/ERGO Group, including the ERGO Hestia Group, has taken a holistic approach and set ambitious decarbonisation and climate neutrality targets for its investments, transactions and reinsurance (i.e., insurance portfolio) and its own emissions from operational processes. Information on climate reduction commitments, targets, tackling climate change, including efforts towards climate neutrality, and directions for change can be found in the Munich Re Group Strategy Ambition 2025.

Taxonomy disclosures

The European Union has established a framework for sustainable business to support the achievement of the climate goals formulated in the Paris Agreement, which detailed disclosures in this regard. Disclosures pursuant to Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (“Taxonomy”).

The ERGO Hestia Group is required to disclose the proportion of its taxonomy-eligible non-life business and its taxonomy-non-eligible non-life business.

The report on Taxonomy data as at 31 December 2022, covering the ERGO Hestia Group and its subsidiaries of each tier, is prepared by the top tier unit of the Munich Re Group:

- [Munich Re Group Annual Report 2022](#) (Combined non-financial statement, pp. 29-32, 35-36, 104, 108, 239, 240),
- [Sustainability Report 2022](#) (3. Sustainability in business, pp. 46, 68).

Chapter 10

Impact on the economy and market environment



We build partnerships and collaborate

[GRI 3-3 Cooperation with agents, brokers and business partners]

Building long-lasting relationships with our environment is our priority and one of the key areas identified in our Sustainability (ESG) Strategy. We focus on partnership and collaboration in business Communication is also important to us in working with our stakeholders – we engage in dialogue, share knowledge and report on what is important.

It is critical for us to maintain strong relationships with the agents and brokers who work with us to sell our products. This is also an area of our significant impact, since we create jobs for intermediaries.

4,970

agencies, brokers, banks
and other business partners
cooperating with the ERGO
Hestia Group

63,172

cooperating OFWCA*
(up 2% yoy)

* OFWCA - natural persons performing agent activities

241

Standard Points

49

Branded Points

We are cooperating with our partners
at several levels, creating networks:



Agent Ombudsperson

In order to nurture good relationships with insurance agents, we have established the function of Agent Ombudsperson. Their role includes, among others, maintaining the relationships with agents and assisting them in overcoming any difficulties that may arise in working with us. In their day-to-day work, the ombudsperson collects all signals of dissatisfaction, comments and suggestions from agents (also through directors of retail representative offices and sales managers).

“Contact with the Agent Ombudsperson gives our partners a sense of security and the ability to offer direct help in difficult cases that require quick action. I accept and deal with every ticket that comes through the system, regardless of its content - from contractual issues to matters related to our business.

Anna Gładkowska
Agent Ombudsperson at ERGO Hestia

Each incoming report is analysed thoroughly for cause and effect, which are addressed immediately after they are identified. If resolution is not possible, incidents are modified to reduce their negative effects for agents. We continuously monitor the level and type of issues reported, which allows us to direct signals to the relevant

units to minimise the disruption to agents' work. The remediation measures taken by the Agent Ombudsperson ultimately reduce the number of contacts between agents and the ombudsperson, which can have a positive impact on the organisation of work in many Group units.

[Own indicator – number of cases handled by the Agent Ombudsperson]

2,218
cases handled by the Agent
Ombudsperson in 2022

The effectiveness of the measures taken is verified through the ongoing service quality monitoring and the analysis of monthly and quarterly reports within the Quality Management Office. The Agent Ombudsperson monitors the time and quality of the service and organises meetings with various ERGO Hestia units to discuss current issues and challenges. We follow up on reported initiatives on an ongoing basis, which creates positive cooperation. The Group has not identified any need to change the procedures in this respect.

iPunkt

We continue the work within the framework of an innovative sales support programme. Through a dedicated application, each of our insurance intermediaries can participate in organised activities and earn virtual coins. The value of one coin is equal to one zloty. The cash rewards can be collected via a prepaid card or a traditional bank transfer.

Registration for the programme can be done at <https://ipunkt.ERGOHestia.pl>, while the iPunkt app can be downloaded from the Google Play Store and the App Store.

6,990
users logged in the iPunkt
app in 2022

5,494
intermediaries rewarded
in 2022

Fair Play

[Own indicator – best practice in Cooperation with agents, brokers and business partners]

In 2022 we received the “Fair Play” prize for the 14th time. The members of the Polish Association of Insurance and Reinsurance Brokers awarded ERGO Hestia in the Non-Life Insurance category for, among other things, stability and professionalism. The award is a clear confirmation of our adherence to the principles of partnership with brokers, who evaluate insurers on the basis of an anonymous questionnaire in terms of partnership, quality and market suitability of the offer, sales service and loss adjustment process.

“*Brokers are the most attentive observers of our day-to-day work. They are very well acquainted with our offer and the realities of the Polish insurance market. It is this knowledge that enables them to objectively determine what will best meet the needs of the corporate client.*

Adam Roman
Vice-President of the Management Board
of the ERGO Hestia Group

Corporate Knowledge Portal

[Own indicator – best practice in Cooperation with agents, brokers and business partners]

We have launched an education portal for brokers – an insurance knowledge base that doubles as a centre of communication with us. The public section of the portal contains specialist articles posted and all issues of our in-house magazine “Risk Focus”. After logging in, brokers gain individual access to a wide range of training courses delivered by our experts. By participating in them, they can satisfy the professional obligation of continuing education and obtain a certificate confirming the knowledge. Together with the Agency Network Certification Programme, our Corporate Knowledge Portal is the Group's contribution to the professionalisation of the insurance market.

”*A modern broker must be a specialist in many lines of business. The Corporate Knowledge Portal allows them to develop in different directions. From our point of view, the interest in acquiring knowledge is encouraging.*

Anna Zabłocka
Corporate Representative Office of ERGO
Hestia, one of the creators of the Portal

Detailed information about the portal is available at:
<https://portalwiedzykorporacyjnej.ergohestia.pl>.

Our value chain

[GRI 2-6, 3-3 Responsible value chain - responsible and ethical interactions with suppliers, business partners, contractors, etc., including respect for human rights;]

Our business requires partnership and cooperation with various stakeholders and suppliers. We are aware that the value we create results from the actions taken in all processes within the organisation. This also includes our approach to the supply chain.

Purchases are of a non-production nature. Our suppliers provide services such as IT, marketing, office space management, market research, maintenance of the Group's fleet. They also include the organisation of training courses and meetings with business partners.

4,083

suppliers in 2022

[GRI 2-23]

Code of Conduct for Suppliers and Contractors

Our Code of Conduct for Suppliers and Contractors contains important declarations and principles that we follow in accordance with the ERGO Hestia Group's Business Strategy. It defines the basic standards of cooperation and business conduct that we expect our current and future partners to follow. We work with suppliers and contractors proven for quality, reliability and flexibility of operations. Commitment to comply with the Code is part of the agreement concluded with ERGO Hestia, as well as a declaration of voluntary compliance with the requirements contained in the document.

The following documents are in effect in the individual companies:

- [Code of Conduct for suppliers and contractors cooperating with STU ERGO Hestia SA.](#)
- [Code of Conduct for suppliers and contractors cooperating with STUnŽ ERGO Hestia SA.](#)

We endeavour not to have a negative impact on the environment, society or the economy, either in our operations or in our business relationships, and we prevent the potential occurrence of undesirable effects, e.g. through a tendering procedure that we have in place. As part of the process, suppliers or contractors receive a CSR questionnaire to describe their economic, social and environmental activities; this accounts for 10% of the total score a partner can receive in the tender. We also intend to update the procurement handbook with new standards for ESG assessment of suppliers.

One of the goals of the Sustainability Strategy for 2022-2025 is to “maintain the 90% share of key suppliers, who joined a tender and signed the Code of Conduct for Suppliers and Contractors”.

There have been no additional agreements to improve social conditions as part of supplier monitoring, and no business relationships have been terminated as a result of a social assessment.

We have implemented due diligence procedures to effectively monitor the risk of potential human rights violations along the value chain, including in particular the risk of child and forced labour.

[GRI 204-1] [GRI 308-1] [GRI 414-1] [GRI 414-2]

36

suppliers assessed for social and environmental impacts in 2022.

98%

of our suppliers are Polish

97%

key suppliers* assessed for social and environmental impacts and have signed the Code of Conduct for Suppliers and Contractors.

In an effort to support the national economy, we work primarily with suppliers from Poland and local suppliers from the Pomorskie Voivodeship.

All key suppliers working with us undergo a screening process in line with the Code of Conduct for Suppliers and Contractors.

* Key suppliers are all suppliers invited to participate in tenders, i.e. performing contracts worth more than PLN 100,000.

Our partnerships

[GRI 2-28]

We are concerned with our impact on our social and economic environment, both locally and nationally. Therefore, we initiate programmes and join partnerships that allow us to grow in a sustainable way.

In 2022, we were a member of the following associations and organisations:

- **Gdańsk Business Club**
- **Polish Chamber of Insurance**
- **International Network of Insurance**
- **Hartford Steam Boiler for Central Europe**

In 2022, we participated in the following sustainability programmes and initiatives:

- Responsible Business Forum
- UN Global Compact
- UNEP/GRID Centre - Warsaw
- Fundacja Inicjowania Rozwoju Up Foundation

Participation in the CSR Fair

In 2022, we were a Partner of the 9th edition of the CSR Fair, the largest event dedicated to corporate social responsibility in Poland, organised by the Responsible Business Forum, which was held in Warsaw in May of that year.

During the Fair, participants had the opportunity to learn about ESG initiatives at the stands of the 51 participating exhibitors. For our stand, we decided to bring a piece of Hestia Park with us. We created a space that attracted lots of interest and at the same time created the conditions for discussing our ESG initiatives. We also presented our activities in one of the four thematic blocks called “Development” by participating in two panels:

- “Robot-buliding, bootcamps and upskilling”,
- “Development in the rhythm of ESG”.

Responsible Business League

[GRI 2-24]

Our collaboration with the Responsible Business Forum (FOB) is another opportunity for us to get involved in the FOB’s educational programme, the Responsible Business League (LOB), which is aimed at students who want to develop their knowledge of and skills in sustainable development.

We are committed to education because we recognise the importance of building a force of future managers, social animators and leaders of change who will be committed to developing the area of sustainable development. We have been an active participant in the Responsible Business League for

the past 5 years as a partner and custodian of thematic paths, with two editions in 2022 alone.

For more information on the Responsible Business League, visit: <https://odpowiedzialnybiznes.pl/lob>.

How we impact the Polish economy

The goal of the insurance industry is to mitigate the effects of the risks associated with every action or decision we make in life. At the same time, as any other business, we have a real impact on the economy and the market environment. This in turn has an impact on the stakeholder system, which is connected to the different parts of the organisation.

We consider employees to be an important stakeholder group. By providing employment, we allow them to develop skills and relationships in the insurance industry, and through remuneration we contribute to the budgets of many households. Moreover, the vast majority of people in the main companies are employed on a full-time basis (98%) and for an indefinite term (85%), which can be an important factor in stabilising their financial position. We achieve a similar effect by selecting Polish suppliers.

We contribute to the state budget on a daily basis, through the taxes we pay, both VAT as we purchase products, and the tax we pay for our properties. Other important payments include contributions to health and pension schemes paid in connection with employment contracts, and any taxes on income. Through the Group's activities, we drive the Polish economy by employing capital, multiplying it, investing it and protecting the capital of our customers.

6.03 **PLN**
m

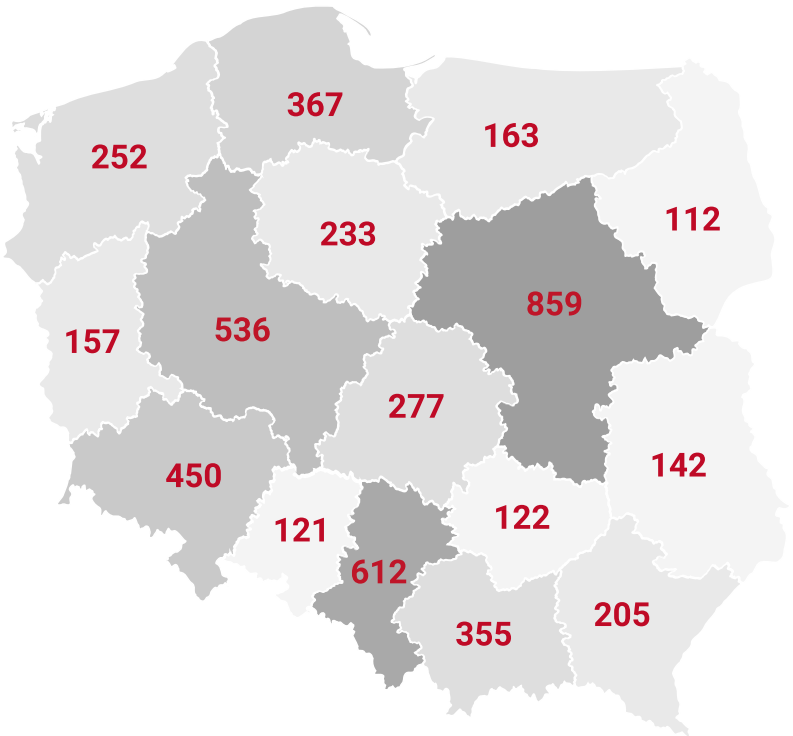
the amount invested
by the ERGO Hestia Group
in the education and development
of its employees

>535 **PLN**
m

amount of taxes and charges paid
to the state budget

Another important area of our impact is our close cooperation with agents and other insurance partners throughout Poland.

Number of agencies and other insurance partners cooperating with the ERGO Hestia Group, by voivodeship



Local impact

The headquarters of ERGO Hestia are located in Sopot, but we operate nationwide. We employ as many as 2,296 people in the Pomorskie Voivodeship, which is where we also source 20% of our suppliers and contractors. To best illustrate our economic impact, we calculate the share of the ERGO Hestia Group’s assets and taxes that contributes to the economy of the Pomorskie Voivodeship and the city of Sopot.

10%

the share of assets
of the Group’s companies
in the GDP of the Pomorskie
Voivodeship

310 days

number of days that
the city of Sopot could function
for the amount of taxes paid
by the ERGO Hestia Group

[GRI 201-1]

Direct economic value generated and distributed in 2022

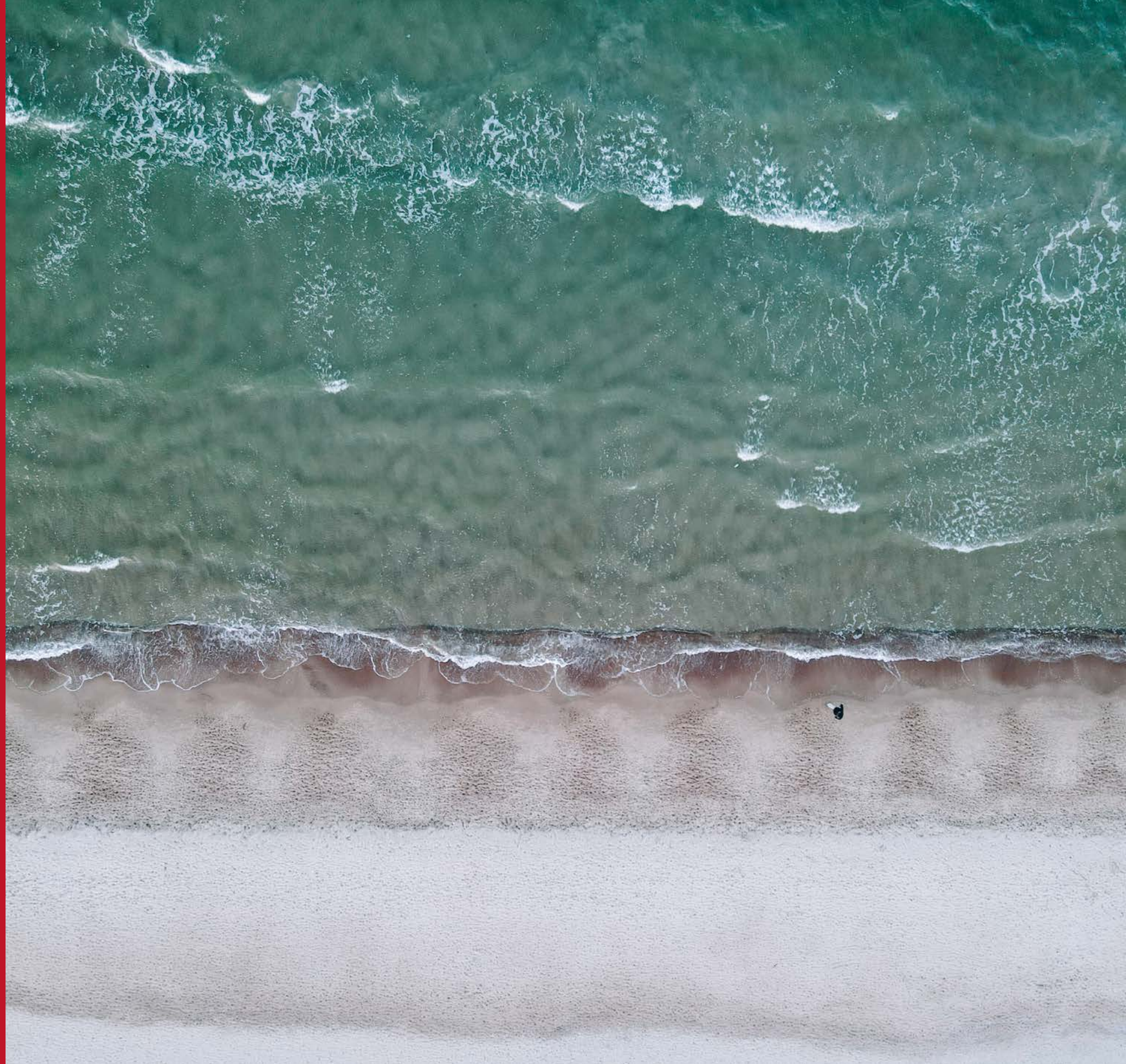
	PLN m
Direct economic value generated	
revenues	9,443.65
Economic value distributed	
operating expenses	190.26
salaries and employee benefits	408.69
payments to capital suppliers*	26.50
payments to governments	383.42
community engagement	3.35
Economic Value Retained	8,431.43

Details of our impact on the Polish economy, society and the environment are presented in Chapter [5. Identified impact areas](#).

* Understood as interest on credits, loans and debt securities issued.

Chapter 11

About the report



Approach to reporting

Scope of the report

[GRI 2-2]

The integrated non-financial data presented in this report refer to the ERGO Hestia Group, which is made up of two insurance companies: Sopockie Towarzystwo Ubezpieczeń ERGO Hestia SA and Sopockie Towarzystwo Ubezpieczeń na Życie ERGO Hestia SA. Sopockie Towarzystwo Ubezpieczeń ERGO Hestia SA has 6 subsidiaries, including 2 corporate foundations:

- Centrum Pomocy Osobom Poszkodowanym Sp. z o.o.,
- Hestia Loss Control Sp. z o.o.,
- Sopockie Towarzystwo Doradcze Sp. z o.o.,
- Marina Sp. z o.o.,
- Integrاليا, the ERGO Hestia Group's Foundation for vocational integration of people with disabilities,
- Hestia Artistic Journey Foundation.

[GRI 2-2, 2-3]

This year's report was published on 1 August 2023. The data and information presented in this report cover the period from 1 January 2022 to 31 December 2022, unless described otherwise.

The reporting process in the ERGO Hestia Group with other entities is performed on an annual basis. The non-financial reporting period is the same as the financial reporting period. The scope of entities covered by the ESG report of the ERGO Hestia Group is similar

to the scope for the Companies' Financial Statements. The previous report for 2021 was published on 21 September 2022.

This report was prepared in accordance with the Global Reporting Initiative (GRI) Standards. It presents key information for stakeholders, including selected areas of impact, such as impact on employees, customers, the society, natural environment as well as the economy and the market environment. An integral element of this year's report is a detailed impact report of the ERGO Hestia Group and its subsidiaries, taken into consideration in the content of the present report.

The ERGO Hestia Group applies integrated reporting. This means that business activity is described on the basis of a value creation model. We show how we use resources located outside the organisation, how we process the resources based on our business model and what kind of value we create, both for the organisation and for our environment. Integrated reporting is the most mature form of reporting, combining business data and information connected with sustainable development in the form of a coherent cross-sectional summary.

[GRI 2-4]

No corrections or supplements to data were added to the previous reporting period.

[GRI 2-5, 2-12, 2-14]

The report has been verified at the internal and external level. During the document creation process, content is verified and accepted by employees and senior management who provided data.

Status notes about each stage of drawing up reports are provided on an ongoing basis to the Management Board by the Sustainable Development Director. At key stages, such as preparation of an analysis of materiality of issues, content matrix, the leading theme and the final version

The report was subject to an external verification by an independent auditor. Deloitte Audyt sp. z o.o. sp.k. conducted an independent limited assurance attestation engagement on selected indicators presented in the Report in accordance with the International Standard on Assurance Engagements ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information. The indicators which were verified and are listed in the [GRI content index](#).

The attestation statement is published at [page 169](#).

The process of developing, monitoring, as well as updating the objectives of the ERGO Hestia Group's Strategy is the responsibility of the Sustainability Director, who has been in this position since 2016, along with her reporting team of specialists and managers (the division of the Management Board Member for Sales and Technology).

Strategic objectives, activities and projects with their implementation and results are discussed at Management Board meetings, and presented in the form of summaries by the Sustainability Director. In connection with the adoption of the 2022-2025 Sustainability Strategy (ESG), the office directors responsible for the various objectives were required to provide an annual summary of the status of their implementation.

Materiality analysis

[GRI 3-1]

The process of report preparation was preceded by a performed impact and materiality analysis, which made it possible to find key issues for the organisation. Then representatives of the ERGO Hestia Group along with other companies took part in workshops during which the organisation’s impact areas were identified and analysed.

What was important was getting our key stakeholders to be involved in the process and take part in a qualitative survey. A dialogue with stakeholders was held in accordance with Standard AA1000 SES, and its results were used to select impact areas and carry out a materiality analysis for topics of the integrated report. 10 in-depth interviews altogether were conducted with representatives of the following groups: employees, agents, brokers, non-governmental organisations of academic and scientific community, customers, suppliers and industry associations. More information on material impacts can be found in Chapter [5. Identified impact areas](#).

Selection of material topics

[GRI 3-1, 3-2]

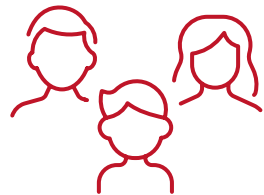
As a result of the conducted materiality analysis, key topics emerged to be presented in the CARE integrated report. Each topic was rated by external stakeholders and the company’s representatives on the scale from 1 to 10, where 1 meant low materiality and 10 very high. The final list of topics takes into consideration materiality common for both perspectives. Material topics were selected in three areas: society, corporate governance and natural environment.

[GRI 3-2]

No.	Name of the issue	Area	Common materiality*
4	Customer service quality and trust-building activities, including transparent communication, reliable information on offered products	S – society	6.13
5	Cooperation with agents, brokers and business partners	S – society	5.92
20	Implementation of products satisfying ESG criteria	S – society	5.82
8	Responsible value chain – responsible and ethical interactions with suppliers, business partners, contractors, etc., including respect for human rights	S – society	5.75
13	Activity of the Integralia Foundation and implementation of tasks for the benefit of people with disabilities	S – society	5.73
11	Activity for injured persons, including actions of the Personal Injury Rehabilitation and Support Centre	S – society	5.68
17	Supporting persons with disabilities in the workplace, adjusted solutions in the workplace, Ja też (Me too), Sprawny Staż (Able Internship) programmes	S – society	5.61
26	Ethics in the conduct of business and anti-corruption – activities undertaken to eliminate instances of corruption (training, identifying and resolution of potential incidents, communication of and training on anti-corruption policies and procedures)	G – governance, corporate governance	5.85
28	Responsible selling (e.g., prevention of misselling)	G – governance, corporate governance	5.84
32	Security of personal data of customers	G – governance, corporate governance	5.70
25	Promoting sustainability and ESG – education of employees and brokers, including environmental activities	E – environment	6.02
21	Striving to achieve net zero, including commitment to fight climate change and move towards a low-carbon economy	E – environment	5.79

Because of an in-depth analysis and detailed process of selecting material topics to be reported for 2022, the list was changed from the previous year’s report.

* The information found in the table above is ordered by areas denoted by the ESG acronym, in accordance with the materiality that emerged during work on selecting material topics (column Area) on the scale from 1 to 10 (column Common Materiality).



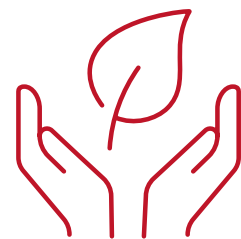
“Society” area

- The topic “Employee development and training” was not selected in the process but data on the topic can be found in Chapter [6. Impact on employees](#).

Furthermore, training on diverse topics, including sustainable development or counteracting corruption, were discussed within other material topics this year.

- The topic “Quality of customer service and building trust” was expanded to the following wording: “Customer service quality and trust-building activities, including transparent communication, reliable information on offered products”.
- The topic “Agent development and collaboration” was modified. In the 2022 Report, this is: “Cooperation with agents, brokers and business partners”.
- The topic “Community engagement” was made more specific and divided into two new ones: “Activity of the Integralia Foundation and implementation of tasks for the benefit of people with disabilities” and “Activity for injured persons, including actions of the Personal Injury Rehabilitation and Support Centre”. An entire chapter is devoted to our community engagement, Chapter 8 Impact on society, which discusses, among others, one of the above material topics.

- The topic “Diversity and inclusiveness” was made more precise as “Supporting persons with disabilities in the workplace, adjusted solutions in the workplace, Ja też (Me too), Sprawny Staż (Able Internship) programmes” but is also touched on in “Activity of the Integralia Foundation and implementation of tasks for the benefit of people with disabilities”.



“Environment” area

- The topic “EH climate neutrality and CO₂ reduction in cooperation with suppliers” was changed into “Promoting sustainability and ESG - education of employees and brokers, including environmental activities.”
- The topic “Pro-environmental services and products” is covered partly in this year’s report in the topic “Implementation of products satisfying ESG criteria”.
- The topic “Responsible supply chain” is in this year’s report is partly covered in the topic “Responsible value chain – responsible and ethical interactions with suppliers, business partners, contractors, etc., including respect for human rights”.
- The topic “Promotion of green attitudes” was modified and is now worded as “Promoting sustainability and ESG - education of employees and brokers, including environmental activities”.



“Governance” area

- The topic “Business ethics” was made more specific in the following form “Ethics in the conduct of business and

anti-corruption – activities undertaken to eliminate instances of corruption (training, identifying and resolution of potential incidents, communication of and training on anti-corruption policies and procedures)”.

- The topic “Responsible selling (e.g., prevention of misselling)” as the only one from last year’s topics was approved as material in unchanged wording.

The remaining material topics, e.g. “Innovations to facilitate customer service (automation and robotisation)”, “Working conditions and benefits”, “Partnerships and original cross-sectoral projects” and “Sustainability strategy and its objectives” were not regarded as such in the process of preparing this year’s document, and therefore they were not included in the list. However, information provided within those topics, e.g., about innovative digital solutions, conditions of Hestians’ work, partnerships and the Sustainable Development Strategy (ESG), can be found in relevant portions of the 2022 report.

Compliance with TCFD Recommendations







Issue	Section in the report	
Corporate governance and management system		
Description of the Management Board's oversight of climate-related risks and opportunities	Development of the CSR policy, including climate issues, is the responsibility of the President of the Management Board	TCFD disclosures
Description of the role of managers in managing climate-related risks and opportunities	The company described the system and the role of the Management Board and managers in managing climate-related risks and opportunities	TCFD disclosures
Strategy		
Description of the climate-related risks and opportunities the company has identified in the short and long term.	The company identifies climate risk and mitigation is one of the pillars of the 2021-2023 strategy	TCFD disclosures
Description of the impact of climate-related threats and opportunities on the organisation's operations, strategy and finances	A list of climate-related risks and opportunities is maintained by the Director responsible for sustainable development	TCFD disclosures
Description of the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Climate-related scenarios are not presented as part of this report, including a 2°C or lower scenario	











Issue	Section in the report	
Risk management		
Description of the organisation's processes for identifying and assessing climate-related risks	The company identifies climate-related risk	Risk management system
Describe the organisation's processes for managing climate-related risks		We identify climate-related risks and opportunities
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management		TCFD disclosures
Metrics and targets		
Metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	In this report, we present the ESG aspects of risk assessment and investment transactions, including climate-related aspects	TCFD disclosures
Scope 1 and 2 greenhouse gas emissions and the associated risk	The company reports scope 1, 2 and 3 greenhouse gas emissions	Greenhouse gas emissions
Description of the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	The company has adopted the objectives of the strategic investor	TCFD disclosures

GRI Content Index








Application statement	ERGO Hestia has prepared the report based on GRI Standards for the period from 1 January 2022 to 31 December 2022
Applied GRI 1	GRI 1: Foundation 2021
Applicable GRI sector standards	Not applicable

GRI Standard	Disclosure	Omitted requirements and explanations	Section in the report	Verified by the auditor
General disclosures				
General disclosures				
GRI 2: General disclosures	2-1 Organisational profile		Form of ownership and governance structure	✓
	2-2 Entities included in the report		Scope of the report Form of ownership and governance structure	✓
	2-3 Reporting period, frequency and contact point		Scope of the report Contact	✓
	2-4 Corrections and completions		Scope of the report	✓
	2-5 External assurance		External assurance	✓

GRI Standard	Disclosure	Omitted requirements and explanations	Section in the report	Verified by the auditor
	2. Activities and workers			
	2-6 Activities, value chain and other business relationships		Business profile Our business model How we create value Development of our business Form of ownership and governance structure Communication with clients Bicycle Forever Cooperation with Fundacja Inicjowania Rozwoju UP Foundation Our insurance and investment portfolio in the context of the environment Our value chain	
	2-7 Employees		Workplace in numbers	
	2-8 Workers who are not employees		Workplace in numbers	
	3. Corporate governance			
	2-9 Governance structure and composition		Governance structure and composition	
	2-10 Nomination and selection of the highest governance body		Governance structure and composition	
	2-11 Chair of the highest governance body		Governance structure and composition	

GRI Standard	Disclosure	Omitted requirements and explanations	Section in the report	Verified by the auditor
	2-12 Role of the highest governance body in overseeing the management of impacts		Management of ESG issues Scope of the report	
	2-13 Delegation of responsibility for key reporting areas		Management of ESG issues	
	2-14 Role of the highest governance body in sustainability reporting		Scope of the report	
	2-15 Conflicts of interest		Anti-corruption	
	2-16 Communication of critical incidents		Communication of violations and critical incidents	
	2-17 Collective knowledge of the highest governance body		Management of ESG issues	
	2-18 Evaluation of the performance of the highest governance body		Management of ESG issues	
	2-19 Remuneration policies	Omission of information on: bonuses, severance pays, withdrawals and pension benefits follows from corporate secrecy	Remuneration policy	
	2-20 Process to determine remuneration		Remuneration policy	
	2-21 Annual total compensation ratio	Omission of information follows from corporate secrecy	Remuneration policy	

GRI Standard	Disclosure	Omitted requirements and explanations	Section in the report	Verified by the auditor
4. Strategy, policies and practices				
	2-22 Statement on sustainable development strategy		Letter from the President of the Management Board of the ERGO Hestia Group Letter from Management Board Member ESG Strategy Our core values	✓
	2-23 Policy commitments		Human rights Ethics in the conduct of business Environmental management system Code of Conduct for Suppliers and Contractors	✓
	2-24 Embedding policy commitments		Management of ESG issues Promoting the idea of sustainability and ESG Our partnerships	✓
	2-25 Processes to remediate negative impacts		Complaint process	✓
	2-26 Mechanisms for seeking advice and raising concerns		Communication of violations and critical incidents	✓
	2-27 Compliance with laws and regulations		Communication of violations and critical incidents	✓
	2-28 Membership associations		Our partnerships	✓
5. Stakeholder engagement				
	2-29 Approach to stakeholder engagement		Our stakeholders Identified Impact Areas	✓

GRI Standard	Disclosure	Omitted requirements and explanations	Section in the report	Verified by the auditor
	2-30 Collective bargaining agreements		Remuneration policy	
Material topics				
GRI 3: Material topics 2021	3-1 Process to determine material topics		Identified Impact Areas Selection of material topics Materiality analysis	
	3-2 List of key areas		Identified Impact Areas Selection of material topics	
	3-3 Area management		Identified Impact Areas	
	Customer service quality and trust-building activities, including transparent communication, reliable information on offered products			
GRI 3: Material topics 2021	3-3 Area management		Commitment to high quality of customer service	
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labelling		Communication with clients	
GRI 417: Marketing and Labeling 2016	417-2 Incidents of non-compliance concerning information and labelling of products and services		Non-compliant Service Project	
GRI 417: Marketing and Labeling 2016	417-3 Incidents of non-compliance concerning marketing communication		Non-compliant Service Project	
GRI 2: General disclosures 2021	2-29 Approach to stakeholder engagement		Our stakeholders	
			Identified Impact Areas	
Not applicable	Own indicator – customer loyalty (NPS)		Commitment to high quality of customer service	


GRI Standard	Disclosure	Omitted requirements and explanations	Section in the report	Verified by the auditor
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed		How we impact the Polish economy	
Promoting sustainability and ESG – education of employees and brokers, including environmental activities				
GRI 3: Material topics 2021	3-3 Area management		Promoting the idea of sustainability and ESG	✓
GRI 2: General disclosures 2021	2-22 Statement on sustainable development strategy		Letter from the President of the Management Board of the ERGO Hestia Group Letter from Management Board Member ESG Strategy Our core values	✓
GRI 401: Employment 2016	401-1 New employee hires and employee turnover		Workplace in numbers	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee broken down by employment structure and gender		How we create value Our workplace Development and improvement of competences	✓
Not applicable	Own indicator – a description of activities taken within the Diversity Charter initiative		We develop diversity	
Cooperation with agents, brokers and business partners				
GRI 3: Material topics 2021	3-3 Area management		We build partnerships and collaborate	✓

GRI Standard	Disclosure	Omitted requirements and explanations	Section in the report	Verified by the auditor
GRI 2: General disclosures 2021	2-6 Activities, value chain and other business relationships		Business profile Our business model How we create value Development of our business Form of ownership and governance structure Communication with clients Bicycle Forever Cooperation with Fundacja Inicjowania Rozwoju UP Foundation Our insurance and investment portfolio in the context of the environment Our value chain	✓
GRI 414: Supplier Social Assessment 2016	414-2 Adverse social consequences in the supply chain and actions taken		Code of conduct for suppliers and contractors	
Not applicable	Own indicator – best practice in Cooperation with agents, brokers and business partners		Fair Play Corporate Knowledge Portal	
Not applicable	Own indicator – number of cases handled by the Agent Ombudsperson		Agent Ombudsperson	
Ethics in the conduct of business and anti-corruption – activities undertaken to eliminate instances of corruption (training, identifying and resolution of potential incidents, communication of and training on anti-corruption policies and procedures)				
GRI 3: Material topics 2021	3-3 Area management		Ethics management	✓

GRI Standard	Disclosure	Omitted requirements and explanations	Section in the report	Verified by the auditor
GRI 205: Anti-corruption 2016	205-2 Communication and training on the organisation's anti-corruption policies and procedures	Some data not available for the indicator – the number and percentage of employees informed and the number and percentage of informed and trained members of supervisory organisations	Anti-corruption	✓
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken		Anti-corruption	✓
Responsible selling (e.g., prevention of misselling)				
GRI 3: Material topics 2021	3-3 Area management		We engage in responsible selling	✓
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions taken against anti-competitive and anti-trust practices		We engage in responsible selling	✓
Implementation of products satisfying ESG criteria				
GRI 3: Material topics 2021	3-3 Area management		AGRO Agricultural insurance	✓
Not applicable	Own indicator – a description of measures for promoting the idea of sustainability and ESG		Our products	
Striving to achieve net zero, including commitment to fight climate change and move towards a low-carbon economy				
GRI 3: Material topics 2021	3-3 Area management		We are striving to achieve net zero	✓
GRI 201: Economic performance 2016	201-2 Financial implications and other risks and opportunities due to climate change		We identify climate-related risks and opportunities	
GRI 301: Materials 2016	301-1 Materials used by weight and volume		Other materials and raw materials	
GRI 302: Energy 2016	302-1 Consumption of energy by the organisation		Resource consumption	✓

GRI Standard	Disclosure	Omitted requirements and explanations	Section in the report	Verified by the auditor
GRI 303: Water and Effluents2018	303-3 Water withdrawal		Resource consumption	
GRI 305: Emissions 2016	305-1 Direct greenhouse gas emissions (Scope 1)		Greenhouse gas emissions	✓
GRI 305: Emissions 2016	305-2 Indirect greenhouse gas emissions (Scope 2)		Greenhouse gas emissions	✓
GRI 305: Emissions 2016	305-3 Other indirect greenhouse gas emissions (Scope 3)		Greenhouse gas emissions	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts		Resource consumption	
Responsible value chain – responsible and ethical interactions with suppliers, business partners, contractors, etc., including respect for human rights				
GRI 3: Material topics 2021	3-3 Area management		Our value chain	✓
GRI 2: General disclosures 2021	2-6 Activities, value chain and other business relationships		Business profile Our business model How we create value Development of our business Form of ownership and governance structure Communication with clients Bicycle Forever Cooperation with Fundacja Inicjowania Rozwoju UP Foundation Our insurance and investment portfolio in the context of the environment Our value chain	✓

GRI Standard	Disclosure	Omitted requirements and explanations	Section in the report	Verified by the auditor
GRI 2: General disclosures 2021	2-29 Stakeholder engagement		Our stakeholders Identified Impact Areas	✓
GRI 204: Procurement Practices 2016	204-1 Percentage of expenditures for local suppliers		Code of conduct for suppliers and contractors	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria		Code of conduct for suppliers and contractors	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria		Code of conduct for suppliers and contractors	
GRI 414: Supplier Social Assessment 2016	414-2 Adverse social consequences in the supply chain and actions taken		Code of conduct for suppliers and contractors	
Activity of the Integralia Foundation and implementation of tasks for the benefit of people with disabilities				
GRI 3: Material topics 2021	3-3 Area management		Activity of the Integralia Foundation	✓
Not applicable	Own indicator – number of Integralia Foundation stakeholders in 2022		Activity of the Integralia Foundation	
Not applicable	Own indicator – description of activities carried out in 2022		Activity of the Integralia Foundation	
Security of personal data of customers				
GRI 3: Material topics 2021	3-3 Area management		Security of personal data of customers	✓
GRI 418: Customer Privacy 2018	418-1 Substantiated complaints concerning breaches of customer privacy and loss of customer data		Security of personal data of customers	✓
Activity for injured persons, including actions of the Personal Injury Rehabilitation and Support Centre				
GRI 3: Material topics 2021	3-3 Area management		Activity of the Personal Injury Rehabilitation and Support Centre	✓

GRI Standard	Disclosure	Omitted requirements and explanations	Section in the report	Verified by the auditor
Not applicable	Own indicator – the number of people assisted by the Centre in 2022		Activity of the Personal Injury Rehabilitation and Support Centre	
Not applicable	Own indicator – a description of activities taken to support injured persons		Activity of the Personal Injury Rehabilitation and Support Centre	
Not applicable	Own indicator – a description of projects performed by the Centre in 2022.		Activity of the Personal Injury Rehabilitation and Support Centre	
Supporting persons with disabilities in the workplace, adjusted solutions in the workplace, Ja też (Me too), Sprawny Staż (Able Internship) programmes				
GRI 3: Material topics 2021	3-3 Area management		We create friendly workplaces for people with disabilities	
Not applicable	Own indicator – a description of practices of supporting people with disabilities		We create friendly workplaces for people with disabilities	
Not applicable	Own indicator – percentage of employees with disabilities		We create friendly workplaces for people with disabilities	

Compliance with the Accounting Act

Issue	Section in the report
Business model (Article 49b sec. 2 item 1)	Our business model
Key Non-Financial Performance Indicators (Article 49b sec. 2 item 2)	ESG Strategy
Policies in non-financial areas and their results – procedures, governing documents at ERGO Hestia (Article 49b sec. 2 item 3):	
Anti-corruption policy	Ethics in the conduct of business
Human rights policy	Human rights We develop diversity
Employee rights policy	Ethics management We develop diversity
Environmental policy	Environmental management system
Social policy	Impact on society
Due diligence procedures (Article 49b sec. 2 item 4)	Ethics management
Significant non-financial risks and how they are managed (Article 49b sec. 2 item 5)	Risk management system Management of ESG issues

Glossary

Head Office	our buildings in Sopot and Gdańsk
ESG	Environmental, Social responsibility, Corporate Governance
Integralia Foundation	Integralia, the ERGO Hestia Group's Foundation for vocational integration of people with disabilities
Group	The term 'ERGO Hestia Group' is used in this document as a name equivalent to the following insurance companies: Sopockie Towarzystwo Ubezpieczeń ERGO Hestia SA and Sopockie Towarzystwo Ubezpieczeń na Życie ERGO Hestia SA. The term "ERGO Hestia Group" used in this report is not equivalent to the term "Group of Companies" or "Corporate Group" within the meaning of the Commercial Company Code.
Group with subsidiaries	Sopockie Towarzystwo Ubezpieczeń ERGO Hestia SA and Sopockie Towarzystwo Ubezpieczeń na Życie ERGO Hestia SA along with the following companies: Centrum Pomocy Osobom Poszkodowanym [Personal Injury Rehabilitation and Support Centre] Sp. z o.o., Hestia Loss Control Sp. z o.o., Sopockie Towarzystwo Doradcze Sp. z o.o., Marina Sp. z o.o. and foundations: Hestia Artistic Journey Foundation and Integralia, the ERGO Hestia Group's Foundation for vocational integration of people with disabilities
Companies	Sopockie Towarzystwo Ubezpieczeń ERGO Hestia SA and Sopockie Towarzystwo Ubezpieczeń na Życie ERGO Hestia SA
STU ERGO Hestia	Sopockie Towarzystwo Ubezpieczeń ERGO Hestia SA
STUnŻ ERGO Hestia	Sopockie Towarzystwo Ubezpieczeń na Życie ERGO Hestia SA

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Independent Limited Assurance Report on Independent Limited Assurance Engagement on indicators presented in the ESG Report of ERGO Hestia Group for 2022, for the period from 1 January 2022 to 31 December 2022

To the Management Board of ERGO Hestia S.A.
ul. Hestii 1
81-731 Sopot

Scope of work performed and applicable criteria

We have undertaken a limited assurance engagement on the indicators presented in the ESG Report of ERGO Hestia Group for 2022, for the period from 1 January 2022 to 31 December 2022 (the "ESG Report"), developed by ERGO Hestia S.A. (the "Company").

The scope of our work covered all 33 General Disclosures (2-1 to 2-30 and 3-1 to 3-3), and 9 selected Topic Specific Disclosures (205-2, 205-3, 206-1, 302-1, 305-1, 305-2, 404-1, 417-1, 418-1) presented in the GRI index. The selected indicators included in the GRI index presented in the ESG Report have been reported in the manner defined in the GRI Standards - Sustainability Reporting Guidelines, issued by the Global Reporting Initiative (GRI).

Our limited assurance engagement was limited to the indicators presented in the ESG Report listed above and marked "√" in the GRI index and did not address the other information included in this report or this report understood as a whole. Accordingly, our conclusion below applies only the GRI indicators within the scope of our work and not all data presented, or any other information included in the ESG Report.

Responsibility of the Management Board of the Company

The Management Board of the Company is responsible for the preparation and presentation of the indicators presented in the ESG Report in accordance with Sustainability Reporting Guidelines GRI Standards, as issued by Global Reporting Initiative (GRI). This responsibility includes establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived. The Management Board of the Company is also responsible for the provision of reliable, correct, and fair information, and for the correct preparation of the documentation provided to us.

Our Independence and Quality Control

In performing the service, we have complied with the independence and other ethical requirements set out in the International Code of Ethics for Professional Accountants (including International Standards of Independence) developed and approved by the International Ethics Standards Board for Accountants, which includes independence requirements and other requirements based on integrity, objectivity, professional competence and due care, confidentiality, and professional conduct.

In accordance with the International Auditing and Assurance Standards Board's (IAASB) International Quality Management Standard 1, we maintain and apply a comprehensive quality management system that operates continuously and iteratively and responds to changes in the nature and circumstances of the Company and its recommendations.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the indicators as marked in the GRI index presented in the ESG Report based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standards on Assurance Engagements 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board. This standard requires that

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District Court for the city of Warsaw KRS, No. 0000446833, NIP: 527-020-07-86, REGON: 010076870

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we plan and perform this engagement to obtain limited assurance about whether the GRI indicators presented in the ESG Report are not inconsistent with the GRI Standards Guidelines for Sustainability Reporting.

The procedures performed under the limited assurance engagement are different in nature and limited in scope both in terms of risk assessment procedures, including an understanding of internal control, and in terms of the procedures performed in response to the risks assessed compared to the reasonable assurance engagement. As a result, the level of assurance obtained through an assurance service providing limited assurance is significantly lower than the level of assurance that could be obtained through an assurance service providing reasonable assurance.

The procedures we performed were based on our professional judgement, our assessment of the risk of material misstatement of the indicators due to intentional actions or misstatements, and included interviews, observations of the processes performed, examination of documents, analytical procedures, assessments of the appropriateness of calculation methods and reporting policies and reconciling with underlying records.

In order to perform our conclusion on the indicators as marked in the GRI index presented in the ESG Report we undertook in the period 12th July 2023 – 1st August 2023 the following procedures:

- Through inquiries, obtained an understanding of control environment and information systems relevant to reporting the indicators under review, but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness.
- Obtained through inquiries, analytical procedures, observation and other applicable evidence gathering procedures on a sample basis, an understanding of the key structures, systems, processes, procedures and internal controls relating to collation, aggregation, validation and reporting of data for the indicators under review.
- Compared the information contained in the ESG Report with the GRI Standards guidelines for the indicators under review.
- Compared the information included in the ESG Report to internal documentation of the Company.

Inherent limitations

The process the organization adopts to define, gather, and report data on its non-financial performance is not subject to the formal processes adopted for financial reporting. Therefore, data of this nature is subject to variations in definitions, collection, and reporting methodology with no consistent, accepted standard. This may result in non-comparable information between organizations and from year to year within the organization as methodologies develop. The accuracy and completeness of the information disclosed in the ESG Report is subject to inherent limitations given its nature and the methods for determining, calculating, or estimating such information.

Conclusion

Based on the work we have done and the procedures we have performed, nothing has come to our attention that causes us to believe that the indicators in the scope of our work, presented in the ESG Report and marked "√" in the GRI index, for the period from 1 January 2022 to 31 December 2022 prepared by ERGO Hestia S.A., have not been prepared, or compiled, in all material respects, in accordance with the GRI Standards issued by the Global Reporting Initiative.

Deloitte Audyt sp. z o.o. sp.k.
Warsaw, 1st August 2023

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Contact

[GRI 2-3]

Detailed information on the ERGO Hestia Group Integrated Report 2022 and the information found in it is provided by:

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