

Executive Summary

Care

of the Integrated Sustainable Development Report
of the ERGO Hestia Group for 2022

Opening letter from the President of the Management Board



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 Śliwicky 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

Opening letter from the Member of the Management Board



Dear Stakeholders,

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, R as in relations with customers and business partners, O as in responsible [Polish: odpowiedzialna] sales, S as society [Polish: społeczeństwo], K as in communication [Polish: komunikacja] and A as in attractive employer). You can see the strategy's goals and implementation progress in our 2022 ESG Report.

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.

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.

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.

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.

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. We encourage you to read an excerpt from the ESG Report which presents the key data from the document in a nutshell.

Dirk Schautes
Member of the Management Board

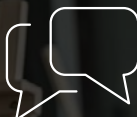
ERGO Hestia Group

The ERGO Hestia Group is made up of two 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. Our shareholder is the international insurance conglomerate ERGO International AG, owned by the largest reinsurer - Munich Re.


For more than 30 years, we have remained a trusted partner for businesses and individuals, offering products and services of top quality.

Our values



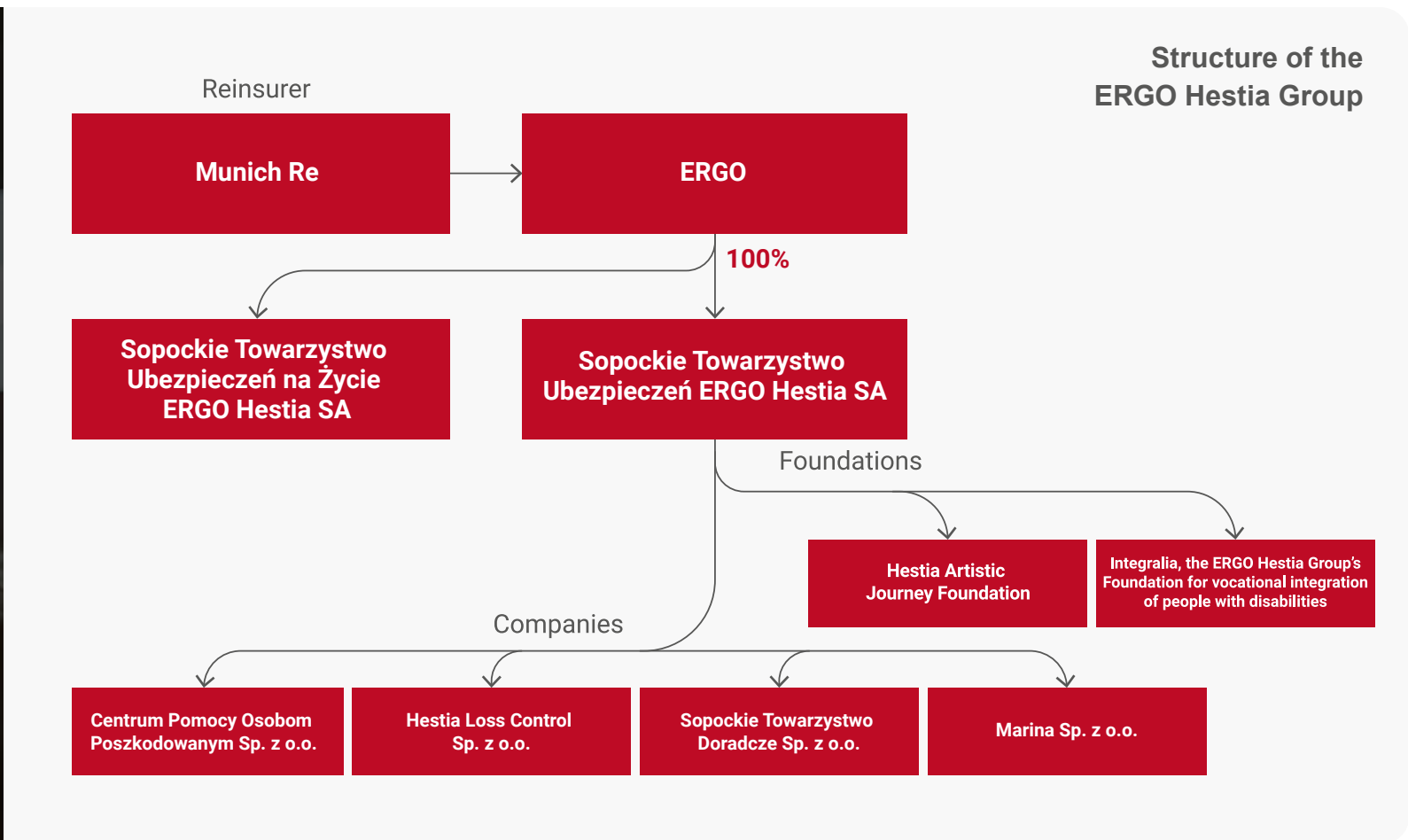
The Power of Information

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.



Year 2022

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.

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.

PLN 1.8

billion of total added value created
↑ increase by 5.9%

9,320

induced jobs
↑ increase by 7.7%

PLN 8.2

billion gross premiums written
↑ increase by 5.1%

310 days

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

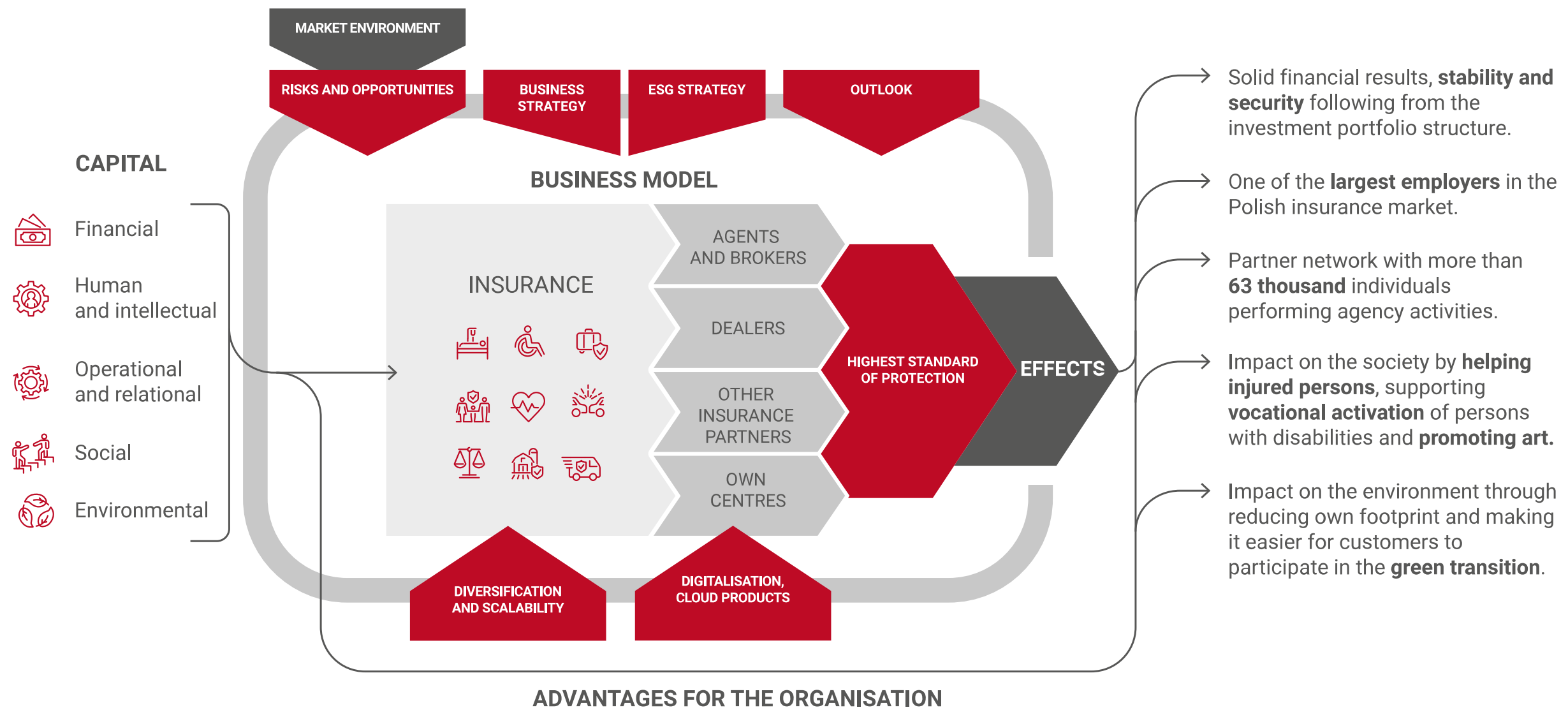
PLN 535

million taxes paid to the state budget
↑ increase by 49.0%

241

Standard Points
↓ decrease by 9 outlets

Business model



Employees

Building a friendly workplace and developing our employees are key for us. We support employees in many dimensions, making us a diverse and inclusive workplace.

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.



2,960

employees
(64% women; 36% men)
↑ increase 3.5% y/y

3.4%

people with disabilities in the ERGO Hestia Group – 102 persons

100%

employees under employment contracts
→ maintaining the 2021 level

50/50

management: 50% women and 50% men

32

training hours (average) per employee per year
↑ increase by 8 y/y

98%

full-time employees

88%

employee satisfaction rate

12

development and upskilling programs for employees

Customers

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.

The Personal Injury Rehabilitation and Support Centre (CPOP)

The mission of the CPOP is to provide comprehensive medical rehabilitation and social and vocational support to persons severely injured in motor and workplace accidents.

>3

million customers including 2.7 million individual and 311 thousand corporate

67

new Individual Support Plans implemented for victims

PLN 4.2

billion paid out as gross claims and benefits
↑ increase by 7.5% y/y

600

hours of rehabilitation (on average) per injured person
→ no change y/y

893

reports handled by the Customer Ombudsperson
↓ 31% less than in 2021

PLN 90,000

of expenses for health/rehabilitation of the injured (average)
↑ increase by 21% y/y

38.5

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

As of 2021

signatory and certified to the Declaration of Responsible Selling

Society

We have established the Hestia Artistic Journey Foundation to support artists, the Integralia Foundation for the vocational activation of people with disabilities, and the Personal Injury Rehabilitation and Support Centre, which supports the injured in their full recovery.

We also fund the annual Hestia Literary Journey Award, which selects the best books for children and young people, and we have created a park in Sopot for residents and tourists. Most ERGO Hestia employees are active in the Hestia Volunteer Centre.

We do this by engaging the corporate foundations operating in the ERGO Hestia Group – the Integralia Foundation, the Hestia Artistic Journey Foundation and in collaboration with external partners.

1,016

Integralia Foundation stakeholders

85

works submitted for the Hestia's Literary Journey

11,075

hours of volunteer work

PLN 3.3

million spent by ERGO Hestia on sponsoring

PLN 3.3

million of donations made

2

hectares of the Hestia Park

Environment

One of the pillars of our **TROSKA** strategy is to minimize the negative impact of our business activities on the environment.

To this end, we have adopted an Environmental Policy, the implementation of which contributes, among other things, to reducing our carbon footprint. We use RES energy, reducing the number of agents' business trips through video inspections, have introduced a "Bike Forever" program for customers as an environmentally friendly alternative to a temporary replacement car, and increase the number of hybrid vehicles in our fleet.

Hestia Park

Since 2016, the residents of Sopot have been able to enjoy the park we created on land leased from the city. The space is filled with thousands of plants and connects our headquarters to the ERGO ARENA. The public park also serves as a sculpture gallery.

**approx.
520,000 kWp¹**

the capacity of the photovoltaic farms we insure
↑ that is more than 5 times as much as in 2021

648

bicycles handed over in 2022 (Bicycle Forever)

42%

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

900,000

bees under our care

¹ (kilo watt peak)

**EMAS and
ISO 14001
certification**

8%

↑ more video inspections relative to 2021

20,000 m²

area of Hestia Park

8 ha

hectares of forested land ("To Plant" campaign)

Environment

Energy

97% of the electricity came from renewable sources
3 MWh electricity consumption per employee
(↓ decrease by 21% y/y)
0.5 GJ heat consumption per employee

CO₂ emissions

10% reduce carbon footprint per employee compared to the 2019 baseline

Transport

42% of hybrid cars in our fleet
(↑ increase by 1 p.p. y/y)
28,100 bike commuting trips
(↑ increase by 40% y/y)
2 bus lines extended to our buildings in Sopot and Gdańsk in cooperation with city offices

Papper

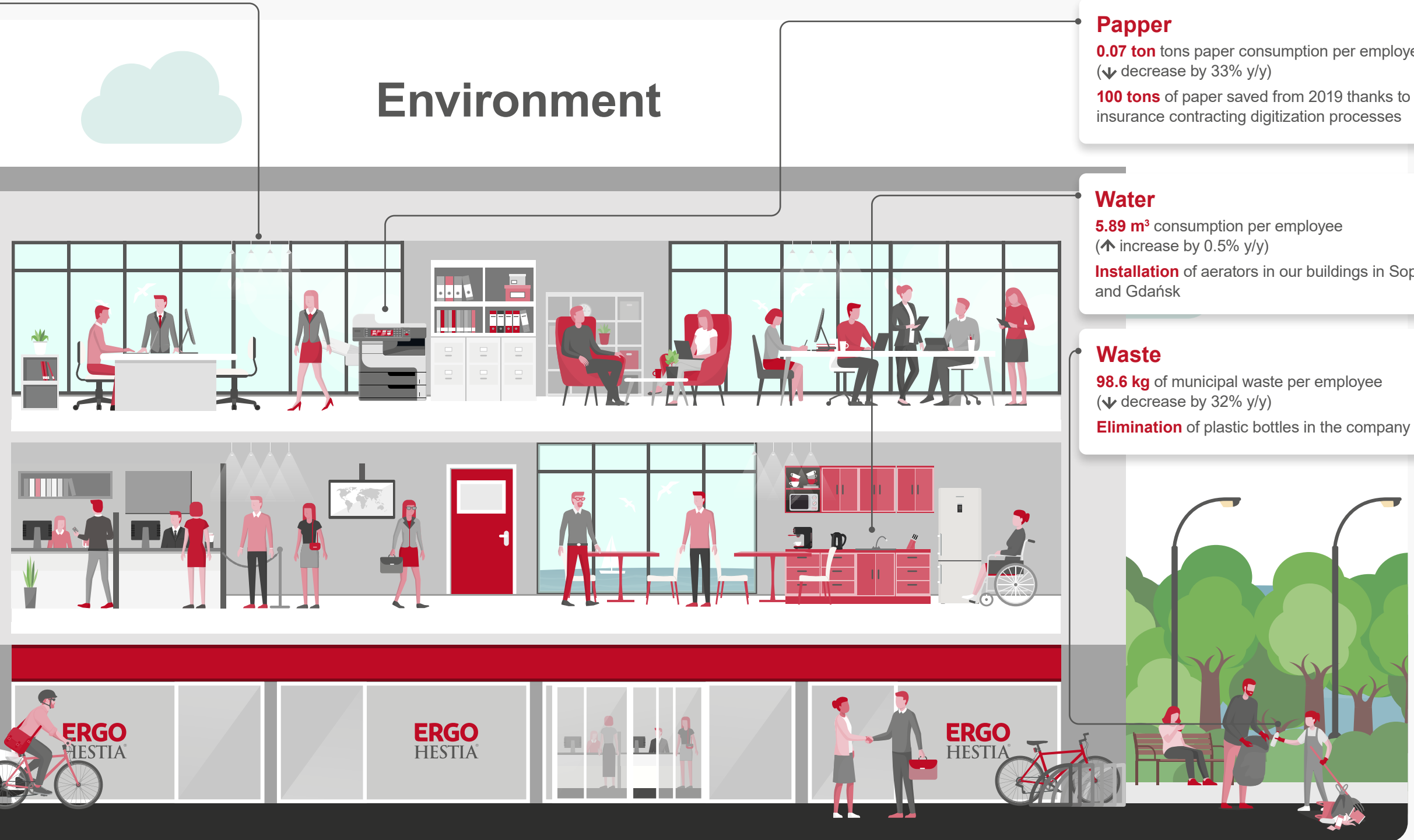
0.07 ton tons paper consumption per employee
(↓ decrease by 33% y/y)
100 tons of paper saved from 2019 thanks to insurance contracting digitization processes

Water

5.89 m³ consumption per employee
(↑ increase by 0.5% y/y)
Installation of aerators in our buildings in Sopot and Gdańsk

Waste

98.6 kg of municipal waste per employee
(↓ decrease by 32% y/y)
Elimination of plastic bottles in the company



Partners

Building long-term relationships with the community is our priority – especially when working with agents and brokers who sell our products. We also take care of the supply chain by establishing partnerships with various entities.

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.

4,970

business partners

63,172

natural persons performing agency activities (OFWCA)

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

>94%

of invoices to contractors are paid within 5 days

2,218

reports handled by the Agent Ombudsperson
↑ increase by 8.4%

ESG Strategy

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

Responsible and modern business
We create social and economic added value

Insurance

Investments

Own activity

C A R E



Transition

We mitigate consequences of climate changes and we support the transition



Relationships with partners

We focus on partnership and collaboration in business



Responsible selling

We count on responsible selling and the highest standard of protection



Society

We shape a positive social impact



Communication

We conduct dialogue, share knowledge and communicate what is important



Attractive employer

We invest in the development and engagement of our employees



Implementation of the Strategy in 2022

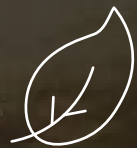
Our Sustainability Strategy is valid until 2025. In 2022, we fulfilled the goals set for the period:

- » Reduce carbon footprint per employee (i.e. CO₂ emissions) by 10% compared to the 2019 baseline¹,
- » 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.

¹ 10% reduction versus the 2019 baseline in the area measured by the Munich Re Group. 2019 was adopted as the base year due to the fact that the COVID-19 pandemic occurred in 2020, so the 2 years preceding it are: 2021 and 2019.



ESG Strategy commitments for 2022-2025



Transformation

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



Relationships with partners

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



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.



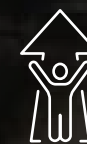
Society

- » 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 (ISPs) for the injured.
- » Continue sponsorship projects in the areas of sport, culture and education.



Communication

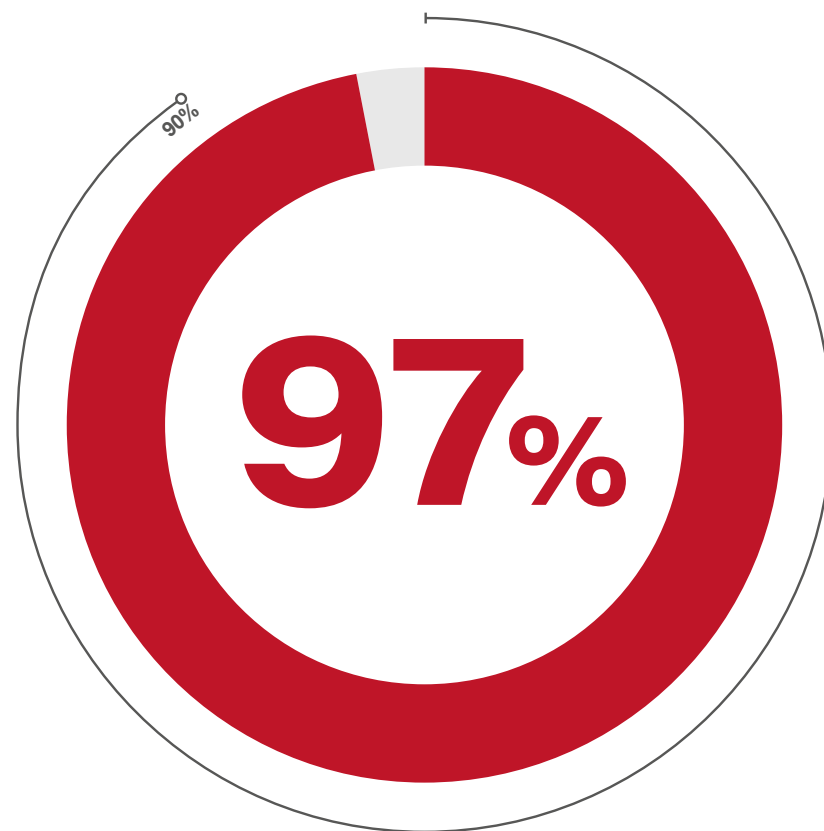
- » Conduct a study of our activity's impact on the economy and society and publish the results.
- » Join the UN Global Compact "Code of Responsible Communication" initiative in 2023.



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.

Selected effects of the implementation of the Strategy in 2022



key suppliers have signed the Code of Conduct for Suppliers and Contractors (>90%)

4,107 t

CO₂ emissions
(scope 1+2¹, change -5% y/y)

0.27%

complaint rate at the ERGO Hestia Group (<0.50%)

221 t

paper consumption²
(change -13% y/y)

100%

of employees trained in communication and cooperation with people with disabilities

¹ Scope 1 is direct emissions resulting from the combustion of fuels in either stationary or mobile sources owned or supervised by the company. Scope 2 is indirect energy emissions resulting from the consumption of imported (purchased or externally supplied) electricity, heat, process steam and cooling.

² Data do not include paper in marketing materials.

Confirmation of our commitment



ISO 14001



EMAS



The Declaration of Responsible Selling



Great Place to Work Certificate



Top Employer Certificate



Customer-Friendly Company Certificate



Diversity in Check

Awards



Ethical Company (2019-2021)
Super Ethical Company (2022)



The most responsible insurance company in Poland (2019-2022)



Stena Circular Economy Awards - 5th Anniversary Award (2022)



Golden CSR Leaf of Polityka (2022)



Silver CSR Leaf of Polityka (2019-2022)



Green CSR Leaf of Polityka (2021-2022)



ERGO Hestia climate leader in a Forbes ranking (2020-2021)



Benefactor of the Year Award for Activities for Education and Culture (2022)



Top Employer certificate (2022-2023)



Asklepios statuette for the President of ERGO Hestia Group (2022)



Banking & Insurance Forum ESG Leader award



Fair Play Award granted for the 15th time by the Association of Polish Insurance and Reinsurance Brokers (2023)

The entire report is available here:

[Online Report](#) | [PDF Report](#)

Executive Summary

Care



Integrated Sustainable Development Report
of the ERGO Hestia Group for 2022

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