

# Principal adverse sustainability impacts statement

## a) Summary

In 2018, the European Commission presented the Sustainable Finance Action Plan in order to boost the contribution of the financial sector to the goal of achieving a more sustainable global economy.

As part of this action plan, in November 2019, the Parliament and the Council of the European Union adopted Regulation (EU) 2019/2088 on sustainability disclosures in the financial services sector (hereinafter "Disclosure Regulation" or "SFDR"—*Sustainable Finance Disclosure Regulation*—).

The aim of this regulation is to increase transparency and harmonise disclosure of information relating to sustainable investments, by fulfilling disclosure obligations related to sustainability risks and the consideration and analysis of adverse impacts. The implementation date for these obligations is, in general terms, 10 March 2021, with the exception of those conditioned to the prior implementation of the regulatory technical standards.

For this reason, and in order to comply with the above obligations, Grupo Catalana Occidente has prepared the following documentation:

- This statement concerning the principal adverse impact on sustainability required under Article 4 of the SFDR
- The statement regarding the integration of sustainability risks into investment decision making, required under Article 3 of the SFDR
- The statement regarding remuneration policy in relation to the integration of sustainability risks required under Article 5 of the SFDR

All of the above documentation is available on the Group's corporate website ([Grupo Catalana Occidente - GCO corporate website](#)), in the Sustainability section.

This information refers to Grupo Catalana Occidente S.A., which as a financial market participant is subject to the requirements of the disclosure regulations, and its subsidiaries:

- Seguros Catalana Occidente, Sociedad Anónima de Seguros y Reaseguros
- Plus Ultra, Seguros Generales y Vida, S.A. de Seguros y Reaseguros
- Bilbao, Compañía Anónima de Seguros y Reaseguros, S.A.
- Nortehispana de Seguros y Reaseguros, S.A.

## b) Description of the principal adverse sustainability impacts

Grupo Catalana Occidente aims to minimise the negative impact of its investments on the environment and society, and manages this risk by taking into account exclusion criteria, supervising breaches in regulations and monitoring the different indicators of adverse impacts.

The principal adverse sustainability impacts currently being monitored are summarised below:

<b>Subject</b>	<b>PASI indicator (principal adverse sustainability impacts)</b>
Greenhouse gas emissions	Carbon footprint
Biodiversity	Activities that negatively affect sensitive biodiversity areas
Water	Emissions to water
Waste	Proportion of hazardous waste
Social affairs and employees	Violations of the principles of the United Nations Global Compact and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises
	Lack of compliance processes and mechanisms to monitor compliance with the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises
	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)

The use of these indicators in the investment decision-making process implies a commitment to the gradual reduction of adverse impacts on sustainability.

As data availability improves, the Group plans to increase the number of PIA indicators.

These indicators shall be adapted, where appropriate, to the requirements established in the technical development of Regulation (EU) 2019/2088.

### **c) Description of policies to identify and prioritise principal adverse sustainability impacts**

In the investment decisions area, Grupo Catalana Occidente has the opportunity to mitigate adverse impacts.

For this, the Group applies the SRI Policy (available at [Policies of Grupo Catalana Occidente](#)), which establishes the analysis of extra-financial criteria in order to exclude companies present in controversial sectors or situations from the Group's investment universe. This analysis is divided between "negative screening", excluding investment in companies where part of their business is carried out in certain sectors, and " norms-based screening ", excluding investment in companies whose performance is considered controversial.

In addition, the SRI Policy also includes a series of Integration Principles, which reflect the Group's commitment to Sustainable Thematic Investments and Impact Investments.

Issuers identified with controversial behaviour or which are not in accordance with the SRI Policy are analysed by the investment team responsible for the Group in order to take the appropriate action. These actions are carried out according to the severity and impact of the identified behaviours. This impact analysis is complemented by the monitoring of adverse indicators.

The most relevant cases are brought before the Group's Responsible Investment Committee, which reports to the Investment Committee, in order to take the appropriate decisions.

#### **d) Engagement policies**

Due to its long-term investment vocation, Grupo Catalana Occidente promotes dialogue as the main mechanism for improving the sustainability of the companies in which it invests.

In doing so, we strive to reduce the risk of our investments and thus improve their returns.

With this, we aim to drive positive impacts on our society and the environment, thus contributing to the creation of long-term sustainable value for our customers.

With this objective in mind, Grupo Catalana Occidente:

- Takes into account the policies and practices in relation to relevant ESG issues of investee companies
- Encourages companies to align with best practices on ESG issues
- Aligns its votes at general meetings with long-term objectives to drive desired results in investee companies

In this sense, Grupo Catalana Occidente, as a shareholder, carries out a series of activities to get involved with the companies in which it invests in order to improve their ESG practices.

Thus, Grupo Catalana Occidente's voting at annual general meetings prioritises those aspects related to the main areas mentioned above while, in general, insisting that the companies:

- act in the long-term interests of shareholders, other stakeholders and society at large
- protect the rights of all shareholders
- ensure an efficient and independent structure of the board
- bring employee incentive structures in line with the long-term interests of shareholders, other stakeholders and society at large
- communicate information to the public in a timely, accurate and appropriate manner
- ensure first-class standards and accountability in relation to environmental, social and corporate governance factors

## e) References to international standards

Grupo Catalana Occidente's application of the PAIs is based on the Sustainable Development Goals (SDGs) of the United Nations, as well as on the relevant international norms or reference standards, among which are included:

- The United Nations Global Compact, which Grupo Catalana Occidente joined in June 2002.
- Principles for Responsible Investment (PRI), signed by Grupo Catalana Occidente in March 2020.
- The Principles for Sustainability in Insurance (PSI), signed by Grupo Catalana Occidente in March 2020.
- OECD Principles of Corporate Governance
- OECD Guidelines for Multinational Enterprises
- Universal Declaration of Human Rights
- United Nations Guiding Principles on Business and Human Rights
- Children's Rights and Business Principles
- ILO Conventions on labour standards
- United Nations Convention against Corruption
- Convention on Cluster Munitions
- Paris Agreement under the UN Framework Convention on Climate Change

In line with these initiatives, Grupo Catalana Occidente is committed to the inclusion of ESG criteria in its investment strategies, without losing sight of the generation of profitability. This allows us to make better informed investment decisions and have a positive impact on all the agents involved in our activity.