

UNEP-FI Principles for Sustainable Insurance

PSI Report 2022

Introduction

Our corporate responsibility

We at SIGNAL IDUNA see responsible action as an indispensable part of our Group. Due to our history as an insurer of small and medium-sized businesses, we take the effects on our environment and society into account in our business decisions. Through the legal form of our parent companies as mutual insurance companies, togetherness and mutuality are at the centre of our activities. We are convinced that our business activities can only be sustainable and long-lasting if the awareness of our corporate responsibility is firmly anchored in our business processes.

On the way there, we are guided by a total of seven fields of action that map our sustainability strategy: These are corporate governance, customer relations, products, capital investment, the world of work, climate protection and resource conservation, and social commitment. They form the guiding principles, the levers, for our contribution to the sustainable transformation of economy and society into a climate-friendly and social future.

Reporting year 2022

The year 2022 was marked by the brand entry of a new company in the SIGNAL IDUNA Group - SIGNAL IDUNA Lebensversicherung AG. It was founded with the aim of positioning itself in the market as a modern life insurer with sustainably oriented products and digital processes, and it takes on a pioneering role in the implementation of sustainability goals in the Group.

Another focus of the SIGNAL IDUNA Group in 2022 was the provision of qualified know-how for client advisory services and the provision of an adequate product portfolio geared to client interests to the sales force.

Another important strategic decision was the signing of the Principles for Sustainable Insurance by the United Nations Environment Programme Finance Initiative (UNEP FI).

As a signatory, SIGNAL IDUNA is committed to taking ESG aspects into account along the entire value chain.

The accession is an important addition to the UN Principles for Responsible Investment (UN PRI) already signed in March 2021.

With this report, we would like to report transparently on our goals and the measures we have already implemented.

The report includes general and line-specific (life, health and property/casualty insurance) information from SIGNAL IDUNA.

Principle 1:

We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.

Corporate strategy

We have anchored our ambitions and goals in our sustainability strategy in 2021 - the seven fields of action cover our holistic view of sustainability.

The short-, medium- and long-term goals formulated there are continuously reviewed and updated. The goals set within the fields of action are linked to some of the 17 Sustainable Development Goals (SDGs) of the United Nations for 2030, because in order to achieve global goals, regional implementations are indispensable - and we are convinced that we can make a positive contribution to the realisation of the goals.

The topic of sustainability is also firmly anchored in SIGNAL IDUNA's organisation. We have had a sustainability officer in the Group since 2017. In 2019 a cross-divisional ESG core team was established and in 2020 the Sustainability Committee. The permanent members of the committee include the Chairman of the Executive Board and the Executive Board members responsible for sales, finance and life insurance.

Risk management and underwriting

The impact of environmental, social and governance issues on the risk situation is systematically considered in enterprise risk management; in particular, risks are identified and assessed. For selected climate change scenarios, the impacts are quantified. The risk strategy also addresses and considers sustainability risks.

The instruments used in enterprise risk management will also be continuously developed for ESG risks in the future, for example the climate change scenarios considered and their quantification or key risk indicators.

In composite insurance, ESG aspects are integrated into decision-making processes for risk management, underwriting and capital adequacy, using research, models, analyses, tools and metrics.

The consideration of the topic of sustainability in the underwriting and acceptance policy is being successively implemented. Sustainability criteria are also taken into account in product design. For example, in motor insurance, certain vehicles that meet sustainability criteria are given better rates. In addition, efforts are being made to significantly expand business with sustainable customers and companies with a focus on e-mobility.

It is to be expected that in the future the regulatory requirements on the topic of "Sustainability" will also become increasingly more stringent. We are taking this into account by sensitising those involved in the underwriting process to the regulatory environment, especially to the topic of the EU Taxonomy Regulation.

Product and service development

We offer our customers individual solutions in the area of insurance and finance. On the one hand, it is particularly important to us that every person, regardless of their financial circumstances, has the opportunity to obtain needs-based cover, especially in the areas of protection against existential risks or old-age provision. On the other hand, as part of our successive further development process, we focus our solutions on realising positive effects on ecological and social factors, for example through capital investment, and consciously promote sustainable lifestyles for our customers.

SIGNAL IDUNA's agile product development process is uniform across all insurance lines and results in a consistently high level of quality for all newly developed products. When determining and defining a product's target market, sustainability factors are taken into account in addition to market factors.

In the area of private and occupational pension provision, SIGNAL IDUNA Lebensversicherung AG offers the modern SIGNAL IDUNA Global Garant Invest fund policy, a sustainably oriented pension solution that optimally combines security in the form of freely selectable guarantees with the opportunities of the capital markets. With this product, attractive returns are possible through SIGNAL IDUNA's own special fund, which is managed by the

SIGNAL IDUNA Group's capital market experts. This fund has its own ESG strategy. In the free fund investment, there is a clear focus on sustainably oriented investment funds in accordance with Articles 8 and 9 of the Sustainable Finance Disclosures Regulation.

SIGNAL IDUNA Lebensversicherung AG also offers attractive solutions for modern income and risk protection, in which the capital is invested in sustainably oriented security assets. "SIGNAL IDUNA WorkLife" offers reliable protection for financial provision in the event of an existentially threatening stroke of fate, such as occupational disability or loss of basic abilities. "SIGNAL IDUNA RisikofreiLeben" provides modern coverage for the family in the event of death, while "SIGNAL IDUNA Sterbegeld" ensures that the financial burden of a funeral does not have to be borne by the relatives.

In the area of health insurance, SIGNAL IDUNA offers a range of pension elements that contribute to sustainability. These include, among others: Vaccinations, preventive check-ups, preventive courses, dental prophylaxis, health and behavioural bonuses that reward health-conscious behaviour.

In addition, a large number of services are offered that take the social aspect in particular into account, such as preventive services for proactive health maintenance, health apps such as Edith-Care for accompanying relatives of persons in need of care or an app for insured persons suffering from mild depression as a low-threshold offer for recovery, as well as case and disease management for active support of affected insured persons and their relatives.

In composite insurance, we also align our product portfolio with sustainability criteria. For example, the Smart Home module in the residential building insurance includes the insurance of modern building technology such as solar and photovoltaic systems. A solution-oriented sensitisation of our customers to natural hazards, such as "floods", takes place within the framework of the extended natural hazards insurance. In our building insurance, among other things, the use of environmentally friendly materials in reconstruction is given considerable financial support in the event of a claim. Environmental liability insurance also includes preventive advice to our customers on the handling of substances hazardous to water. We also have special offers in motor insurance that support a

sustainable lifestyle. These include: A discounted telematics tariff for fuel-efficient driving, reduced rates for e-cars as well as discounts for low mileage.

Claims management

In life insurance, we focus on a high level of customer orientation in the processing of benefits. This includes fast, fair and transparent settlement, especially in the case of claims for occupational disability and basic disability insurance, as well as special services such as individual case assistance for professional reintegration.

In health insurance, we offer our customers the option of submitting invoices digitally, so that the logistical threshold is noticeably lowered, especially for customers who are ill. SIGNAL IDUNA is also working on a tracing of invoice processing that can be viewed by our customers, so that transparency is increased.

If medical aids are needed, we proactively offer to lend them to our clients so that resources are conserved. Our case and disease management also contributes to using the resources of the health system in a targeted manner and in the interest of our clients.

The focus of our claims processing in composite insurance is always customer orientation. This ensures that SIGNAL IDUNA claims processes are clearly explained and understood by all.

Claims handling is transparent: clear settlement letters and a digital claims schedule are created for each claim and are visible to customers.

External claims service providers are reputable and experienced companies that treat their employees fairly and socially and demonstrate professional corporate governance. The area of "environment" will be placed in the focus in the future.

Claims can be reported in several ways. This can be done via the responsible field service partner near the customer, via the claims hotline, via the online claims notification, by e-mail or by post.

Sales and marketing

There are regular exchanges on sustainability issues in sales and marketing.

With a focus on life insurance, we strive for a product portfolio that is oriented towards sustainability and customer interests, and we also train our sales staff on an

ongoing basis to address the sustainability aspect in counselling talks. The training concept that was developed for this purpose is aimed at exclusive sales on the one hand, and at people who work in independent sales on the other. The model for exclusive sales comprises three modules: regulatory basics, background knowledge on capital investment and implementation in advisory talks.

For independent sales, we have conducted a certified training course in cooperation with "Deutsche Maklerakademie".

In addition, we have created and piloted a concept for "sustainable agencies" based on the sustainability strategy with the involvement of the agencies.

Investment management

Our Group signed the UN Principles for Responsible Investment (UN PRI) in March 2021. We are committed to the values of these principles and report publicly on them. The management of sustainability risks is firmly anchored in our investment strategy. We take transition risks and physical risks arising from climate change into account in our investment risk management. In doing so, we are in a continuous process of further development.

There are clear exclusion criteria in the investment guideline. Therefore, the SIGNAL IDUNA Group explicitly does not invest in:

Companies and states

Systematic violations of human rights

- Land eviction
- Responsibility or support for inhumane working conditions
- Responsibility or support for child labour

Company

Manufacture of outlawed weapons (according to internationally recognised conventions):

- Anti-personnel mines, cluster munitions and biological and chemical weapons

General excluded activities

Speculative transactions

- Raw materials
- Food

In addition, further exclusion criteria are defined for SIGNAL IDUNA Lebensversicherung AG.

Coal-based business models

- Production and mining of coal, related products and other consumable fuels for the
- Power generation
- Power generation on the basis of steam coal
- Mining and distribution of steam coal

Oil-based business models

- Petroleum energy production with petroleum and petroleum derivatives
- Oil exploration and production
- Distribution of petroleum and related products

Nuclear power:

- Power generation from nuclear energy

These exclusion criteria apply in principle to all directly and indirectly held investments. Controlling for compliance with the exclusion criteria was implemented in the 2021 financial year and is refined on an ongoing basis.

Principle 2:

We will work with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.

The Code of Social, Environmental and Economic Responsibility developed by Central Purchasing sets out SIGNAL IDUNA's expectations of its suppliers and their products and services. The Code is available on our website to ensure transparency.

Suppliers and service providers are also checked in a scoring process for their performance in the area of sustainability. The scoring value influences the evaluation of the offer.

The Group Reinsurance Division aims to consider the following principles in support of the sustainability strategy. The Group Reinsurance Division enters into a regular dialogue with the reinsurance partners on the topic of

"Environmental Social Governance (ESG)" in order to bring about improvements with regard to their ESG efforts. In the medium term, all reinsurance partners will be asked about and record sustainability risks. In the long term, in addition to the minimum requirement for a financial rating, a minimum requirement for a sustainability rating will also be taken into account when selecting new reinsurance partners.

Principle 3:

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

We participate in various working groups of the GDV (German Insurance Association) and the DAV (German Association of Actuaries) and also have ongoing constructive exchanges with the BaFin (Federal Financial Supervisory Authority).

We are also an active member of B.A.U.M. e.V., a network for sustainable business and are, among other things, a founding member of the industry initiative Sustainability in Life Insurance.

Principle 4:

We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.

By publishing this report, we are fulfilling our obligations of transparent reporting.

In addition, we publish the following documents:

- non-financial statements (NFB)
- Sustainability Report
- UN PRI Transparency Report is also firmly anchored on our homepage.